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HOUSE OF COMMONS

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SELECT STANDING COMMITTEE ON

UNIVERSITY OF TORONTO

RAILWAYS, CANALS AND TELEGRAPH LINES

Bill No. 78—An Act Respecting the Montreal, Ottawa and
Georgian Bay Canal Company

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3—THURSDAY, APRIL 7, 1927

WITNESSES:

Mr. J. A. Ritchie, counsel for Montreal, Ottawa and Georgian Bay Canal
Company

Major Bell, Deputy Minister of Railways and Canals

Colonel Arthur E. Dubuc, Chief Engineer, Department of Railways and
Canals

Mr. C. R. Coutlee, Engineer, Department of Public Works

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1927

MINUTES OF PROCEEDINGS

THURSDAY, April 7, 1927.

The Committee met at 11 a.m., Mr. Young (Saskatoon), Acting Chairman, presiding.

Present: Messrs. Anderson (Halton), Anderson (Toronto-High Park), Arthurs, Auger, Bell (St. Antoine), Bell (St. John-Albert), Bettez, Blatchford, Bothwell, Bourgeois, Bowen, Bradette, Brown, Cahan, Cantley, Casgrain, Casselman, Charters, Cotnam, Cowan, Donnelly, Dubuc, Duff, Dunning, Dussault, Edwards (Waterloo South), Embury, Esling, Evans, Fafard, Fansher (Lambton East), Fansher (Last Mountain), Fraser, Gardiner, Geary, Gershaw, Girouard, Glen, Goodison, Hanson, Harris, Heaps, Hepburn, Hocken, Howard, Howden, Jelliff, Jones, Kay, Kellner, Kennedy, Lacroix, Laflamme, Lanctot, Lavigueur, Letellier, Lovie, Lucas, Luchkovich, MacDonald (Cape Breton South), Macdonald (Kings), MacLaren, MacLean (Prince), McIntosh, McKenzie, McLean (Melfort), McPhee, Maloney, Matthews, Maybee, Millar, Milne, Parent, Perley (Sir George), Pettit, Pouliot, Price, Rennie, Ross (Moose Jaw), Rowe, Ryerson, St. Pere, Sanderson, Simpson, Smith (Cumberland), Smith (Stormont), Spence (Maple Creek), Stevens, Stewart (Leeds), Stirling, Sylvestre, Taylor, Totzke, Tummon, Vallance, Ward, Wilson (Wentworth), Young (Saskatoon), Young (Toronto-Northeast), Young (Weyburn)—100.

Mr. Winfield Sifton filed a list of the stockholders of the Montreal, Ottawa and Georgian Bay Canal Company.

Mr. J. A. Ritchie, counsel for Montreal, Ottawa and Georgian Bay Canal Company, was recalled and again heard by the Committee.

Witness retired.

Major Bell, Deputy Minister of Railways and Canals, was called and examined.

Witness retired.

Colonel Arthur E. Dubuc, Chief Engineer, Department of Railways and Canals, was called and examined.

Witness retired.

The Committee took recess at 1 p.m.

The Committee resumed at 3.30 p.m.

Colonel Arthur E. Dubuc was recalled and further examined.

Witness retired.

Mr. C. R. Coutlee, Engineer, Department of Public Works, was called and examined.

Witness retired.

The question being put on the Preamble, it was negatived.

On motion of Mr. Sanderson:—

Resolved.—That the Committee report to the House that it would be contrary to the public interest to grant the prayer of the petitioners.

On motion of Mr. Parent:—

Resolved.—That the Committee recommend to the House that the fees and charges paid on Bill No. 78, An Act respecting the Montreal, Ottawa and Georgian Bay Canal Company, be refunded, less the cost of printing and translation.

The Committee adjourned at 4.55 p.m. until to-morrow at 11 a.m.

MINUTES OF EVIDENCE

COMMITTEE ROOM 231,

HOUSE OF COMMONS,

THURSDAY, April 7, 1927.

The Select Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock A.M., Mr. Young (Saskatoon), Acting Chairman, presiding.

The CHAIRMAN: Gentlemen, one of the members at the last meeting of the Committee asked Mr. Sifton for a list of the stockholders in this Montreal, Ottawa and Georgian Bay Canal Company. He agreed to supply that list, and he has handed it to me this morning. I will have it placed on the record.

" April 7th, 1927.

	Shares	
Great Lake Securities Corporation, Limited.	99,809	\$ 9,980,900
N. A. Belcourt.	20	2,000
H. C. Graves.	20	2,000
B. R. Hepburn.	20	2,000
H. B. Housser.	20	2,000
Paul Leduc.	20	2,000
K. F. MacLaren.	20	2,000
E. R. McNeil.	20	2,000
W. B. Sifton.	20	2,000
G. W. Volckman.	20	2,000
G. V. White.	20	2,000
	<hr/> 100,009	<hr/> \$10,000,900

Ten per cent paid up in cash on all of these shares total \$1,000,090."

The CHAIRMAN: I will now call upon Mr. Ritchie.

J. A. RITCHIE recalled.

Mr. RITCHIE: Gentlemen, I have good news for you; I shall be very short. I wish to put on record the position of the Maritimes, when this canal is built; that is, from our point of view. (Reading):

1. It is axiomatic at the present time that one of the greatest problems which Canada, as a whole, has to face, is the economic condition of the Maritime Provinces and the consequent growing divergence of interest between them and the rest of Canada. The Dominion, as a whole, must find means to counteract the existing conditions and tendencies, and nothing could be more efficacious for this purpose than the construction of the Georgian Bay Canal.

2. *In industry, ore goes to coal.*—(1) The iron of Minnesota goes to Pittsburg where the ore is smelted, and there creates the industry, wealth and population of Pennsylvania, including Philadelphia, its ocean port;

[Mr. J. A. Ritchie.]

(2) Nickel from Sudbury, iron from Sweden and Newfoundland, tin from Malay States and complex metallic ores from all over the world go to South Wales, where the coal is mined, to be smelted, and there creates that vast industrial machine upon which so much of England's wealth, industry, commerce and population is based;

(3) Metallic ores from all over the world go to the Ruhr, to Belgium and to Northern France to be smelted because the coal is there, and the war and everything which has occurred since has made the size and importance of the industrial development in that area familiar to all.

And in all these cases, the mineral ores go to the particular places because the ore can be brought to the coal by water.

3. *Bearing in mind these salient facts.*—(1) The vast amounts of metallic ore of every kind which are being opened up and made available in our North Country:

(2) The Georgian Bay Canal will bring continuous deep-water navigation almost to mine-head.

(3) That of all coal mines, those of Nova Scotia are the closest and the most convenient, are in the same country and the cheapest to get to and from our mining country; it is clear that the construction of the Georgian Bay Canal will mean that inevitably a new South Wales, a new Ruhr, a new Pittsburg will develop in Cape Breton, with all that this implies.

(4) In considering the practical working out of the above effects of the Georgian Bay Canal on the position and future of the Maritime Provinces, a fundamental factor is the question of return cargoes for freight boats.

Nature abhors a vacuum, and in no particular instance is this more permanently true than in regard to freight cargoes.

Whenever a cargo route exists which requires and makes it profitable for ships to carry freight in one direction, freight of some kind, at some price, will develop in the other. Conversely, where profitable freight exists or can be created in both directions, nothing short of a complete naval blockade will stop it from being carried.

Now, when we come to apply these general fundamental rules to the particular problem which we are considering, what do we find? We find in Nova Scotia, coal and iron and steel products in any desired quantity, which require to be carried to market. And the market is in Central Canada along the route of the Georgian Bay Canal. Thus the westbound cargo is available. At the other end, we have metallic ores, which must go to coal, and wheat which must go to market. So the eastbound return cargo is available. On analysis, ships which carry coal and iron as far west as North Bay will carry ore back. Ships which carry coal as far west as Port Arthur will carry wheat back.

(5) It is just as cheap to tranship wheat at Halifax or Sydney as it is at Montreal or Quebec. It is just as cheap to mill wheat into flour at Halifax as it is at Montreal or Port Colborne. Halifax has great advantages in the export of flour to the West Indies and South America, where an established export market of 9,000,000 barrels per annum already exists. Because coal goes from South Wales to the Plate, wheat goes back from the Argentine to South Wales. Based on return cargoes, and nothing but return cargoes, Cardiff and Bristol are the greatest flour milling ports in Great Britain, and for exactly the same reason, the Georgian Bay Canal will make the Maritime Provinces one of the great flour milling and wheat exporting areas of Canada.

(6) Thus with the construction of the Georgian Bay Canal, all the forces and tendencies which have worked against the Maritime Provinces in the last few years will be reversed or overcome. Instead of trade with the rest of Canada decreasing, it will increase. Instead of the Maritime's markets in the rest of Canada shrinking, they will be opened out and will grow. Instead of progressive industrial and economic decay, there will be development. Instead of the children of the Maritimes leaving to find employment elsewhere, they will stay at home and get rich and population will have to be augmented by large immigration to work in the growing industries.

(7) The fundamental economic interests of the Maritimes will approach closer and closer to those of the rest of Canada. Sectionalism in the Maritime Provinces will disappear. The problem of the Maritimes will be solved.

Mr. YOUNG (Weyburn): Who signed that?

Mr. RITCHIE: That is a statement made by myself as counsel, to be put into the record, but I may say that I did not prepare it, to be quite honest. If you will bear with me, so much has been said that I thought it would be advantageous to have a summary of the position that has been so far taken.

Mr. HANSON: Is the statement that you have just read the statement that was sent to members of Parliament some weeks ago?

Mr. RITCHIE: I cannot answer that. I certainly did not send it to them. However, it will be here in the record; it is being printed now, so the public at large will be able to obtain copies and so will be enlightened in reference to this great project, as to the position taken by the Maritimes. I am a Maritime man myself, and so I take some interest in the matter. I have prepared a short statement which I think it will be advantageous to put on record. It is the position of the company, summarized.

Montreal, Ottawa and Georgian Bay Canal Company

Primarily, we ask no money or guarantee of any kind whatsoever.

1. *Powers*.—(a) Construct and operate a deep draught, all-Canadian Canal.

(b) Develop and sell incidental hydro electric power.

2. *Safeguards*.—(a) Construction according to detailed plan which must be approved by the Government.

(b) Tolls for navigation to be set by Railway Commission.

(c) Price of power to be set by the Railway Commission.

(d) Government can take over works at any time on seven days notice, therefore, this work may be turned into a public ownership enterprise at any time when the people's representatives so desire.

(e) No possibility of profit to promoters until through navigation is established and after that only such reasonable profit as the Railway Commission shall from time to time allow.

3. *Provincial Rights*.—(a) All power must be marketed in Ontario and Quebec. (No other market).

(b) Provinces have undisputed control of distribution within their territory and may tax it on distribution if they so desire.

(c) Highly improbable that Provinces have any legal rights to interfere with canalization and development and sale of incidental power on the Ottawa River.

(d) The Ottawa River waterway belongs to all the provinces of the Dominion.

4. *Submission of the Canal Company.*—(a) The Company is not in default and is entitled in ordinary equity and by precedent to an extension of time.

(b) The Company is not opposed to public ownership in any way and should the Government choose, at any time, to develop this waterway the Company would be glad to co-operate and to facilitate the undertaking in every way.

(c) If the Government are not prepared to construct this waterway as a national enterprise then the Company submits that they should be enabled to proceed with a clear title.

The Renewal of this Charter will Result in the Building of the Canal.

The construction of the Georgian Bay Canal will (A) Connect the Great Lakes with the Atlantic by an All-Canadian Deep Waterway.

(B) It will be built by private enterprise and will not cost the public a cent;

(C) It will cause hundreds of millions of dollars to be spent in Canada immediately for actual construction work.

(D) It will create no new vested interest, but a competitive enterprise to the present monopoly;

(E) It will at one stroke build up Montreal from its existing position as one of the outlets for 7,000,000 people to being the ocean port for 40,000,000 people;

(F) You may imagine the enormous new shipping business in the Lower St. Lawrence, the improvement to Quebec City, Three Rivers, Sorel and all such towns;

(G) It will create hundreds of miles of new ocean harbour frontage in the heart of Canada;

(H) It will go a long way towards solving the freight rate problem for Winnipeg and the whole of the Middle West;

(I) It will reduce the freight on wheat from Port Arthur to Montreal by at least three cents and possibly as much as five cents a bushel;

(J) It will carry Nova Scotia coal as far west as Port Arthur in ships which will carry return cargoes of wheat for export from Maritime Ports and the Minerals of the north for smelting with Nova Scotia coal at Sydney;

(K) It will give cheap transportation to the mining belt and make the towns of Lake Temiskaming ocean ports;

(L) It will eliminate Buffalo as a point where Canadian Trade is blocked for the benefit of the North Atlantic ports of the United States;

(M) It will make large supplies of hydro-electric energy available at low cost;

(N) It will contribute substantially to the solution of Ontario's coal problem;

(O) It will make Ontario and Quebec the greatest industrial and commercial area on the North American continent.

(P) Canada will forever own and hold the sole control of this great waterway.

Now, gentlemen, permit me a final word and I am through. You all know that we are not the only people on this continent. We have a great neighbour just next door, and it is perfectly apparent, from the newspapers, that they are greatly interested in the development of the St. Lawrence Waterway, and

that very considerable pressure is now being put upon Canada to enter into negotiations with that great people—7,000,000 people with 110,000,000 people—to become partners in that great enterprise. I suggest to you that the mere existence of this Georgian Bay Canal Company as an organization is of value to Canada at the present time. I suggest that pending and during these negotiations, which must inevitably come, the Canal organization should be allowed to remain where it is, and that it will be of benefit to Canada that it should be so.

I thank you, Mr. Chairman and gentlemen, very much.

THE CHAIRMAN: Have the promoters of the Bill any further submissions to make?

MR. WINFIELD SIFTON: No, we have nothing more, Mr. Chairman.

HON. MR. DUNNING: Mr. Chairman, I would like to call Major Bell, the Deputy Minister of Railways and Canals, for the purpose of getting some information before the Committee with respect to the Ottawa River.

MAJOR BELL called.

HON. MR. DUNNING: Perhaps the Committee will permit me to open the questioning. Any other member can do as he wishes.

WITNESS: Mr. Chairman, yesterday, Mr. Hanson asked a question. He asked if the elevation, as I understood him, of 104 would affect the Chaudiere here. As a matter of fact, the question was, would an elevation of 140 affect it. My answer is that 140 will affect it.

MR. HANSON: To what extent?

MAJOR BELL: About ten feet.

MR. HANSON: That is, it will reduce the head of the Chaudiere by about 10 feet.

MAJOR BELL: Yes.

HON. MR. DUNNING: Major Bell, with respect to the statements made by the previous witnesses with regard to the submission from time to time of the plans of the Georgian Bay Company for approval, will you please describe to the Committee the relationship of the Department of Public Works and the Department of Railways and Canals, to this matter and all that occurred with respect to the submission of plans.

MAJOR BELL: I can only answer as to our own Department.

HON. MR. DUNNING: It is a fact that the river is divided, is it not, Major? So far as the Department of Railways and Canals is concerned, is it not a fact that we are only concerned up as far as Ottawa to Montreal?

MAJOR BELL: As far as Ottawa, because the river is canalized up this far from the St. Lawrence.

MR. W. SIFTON: Is that ten foot reduction head at the Chaudiere merely applicable to a reduction in the low water head?

MAJOR BELL: Yes.

MR. W. SIFTON: It is correct to say that the permanent level established by the proposed Carillon dam would maintain the level at what is now the high water level?

MAJOR BELL: You had better ask those questions of the Engineering Department.

MR. W. SIFTON: It is not an all the year round reduction?

MAJOR BELL: No.

Mr. W. SIFTON: It is a temporary reduction of the extra head which they acquired at low water periods?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: I wanted the committee to be clear that two Departments are interested. Will you make that clear, Major?

MAJOR BELL: The Department of Public Works made the original surveys for the Georgian Bay Canal. They were never put into effect; the canal was never built. The Department of Railways and Canals have a connection between Ottawa and the St. Lawrence by way of the Carillon-Grenville canal, and the Ste. Anne's locks, and for that reason any work that takes place between Ottawa, and Mont real we are interested in, and plans had to be filed with both Departments. I may say that we never considered these plans seriously, because they were just ordinary plans, with a lock marked here and a dam some place else. I think we have one of the plans here.

Mr. W. SIFTON: Have you any record of having intimated to us that there should be any alterations, modifications, or additions made to these plans, before you would consider them as such?

MAJOR BELL: Personally, no, but I understand that a representative of the Georgian Bay Canal Company was told verbally.

Mr. W. SIFTON: By whom? What representative and told by whom?

MAJOR BELL: Mr. Volckman—

Mr. W. SIFTON: Who told him and when?

MAJOR BELL: In the Engineering Department—I think they can explain that.

Mr. W. SIFTON: You have no information on that?

MAJOR BELL: No. Here (indicating) is one plan which gives you an idea of what they did. They took an ordinary plan, and there is no detail on it at all.

Mr. CHEVRIER: Did you make any objection to the one they submitted?

MAJOR BELL: No; never paid any attention to it.

Mr. CHEVRIER: Why not?

MAJOR BELL: I did not think it was necessary; we did not think they were serious.

Mr. CHEVRIER: You did not think who was not serious?

MAJOR BELL: The promoters, when they filed the plan.

Mr. CHEVRIER: Did you ever tell them about it?

MAJOR BELL: No.

Mr. W. SIFTON: Major Bell, do you seriously suggest to this committee that when I was coming in weekly, or every two weeks, and interviewing the members of this government, the Cabinet Ministers, asking why our plans were not being passed, urging that they be passed, and asking what the trouble was—do you seriously suggest that you did not pay any attention to me, that the Department ignored me, and in these interviews, when I talked to them for an hour or an hour and a half at a time, that ordinary fairness was not given to me personally?

MAJOR BELL: Did you ever ask me—

Mr. W. SIFTON: I asked Mr. Dunning; I asked Dr. King, the Minister of Public Works at the time; I asked the Prime Minister. I was not referred to you.

Hon. Mr. DUNNING: Mr. Chairman, I think I ought to interject there that, so far as I personally am concerned, I always informed the promoters that my engineering advisors did not regard the plan as sufficient.

[Major Bell.]

Mr. CHEVRIER: Just on that point if the engineers did not regard them seriously, did they ever at any time communicate that information to the interested parties?

Major BELL: Not in writing—I believe not.

Mr. HANSON: How about the head—

Mr. CHEVRIER: Just a moment. I have the right to ask the question, as the committee has extended to me the courtesy of asking questions. Did the government at any time, in any manner whatsoever, ever intimate to this company that these plans were not being considered seriously?

Major BELL: I cannot tell you that; I can only answer for myself.

Mr. CHEVRIER: At all events, you did not communicate it?

Major BELL: No.

Mr. CHEVRIER: Do you know whether anybody else has?

Major BELL: No, except that I understand verbally it was intimated they were not satisfactory.

Mr. CHEVRIER: There is nothing in your Department to show that that was ever communicated?

Major BELL: Nothing in writing.

Hon. Mr. DUNNING: Were there or were there not conferences between our departmental engineers and the engineers representing the company?

Major BELL: I understand that, from time to time, the company's engineers were in. However, the chief engineer can confirm that.

Hon. Mr. DUNNING: We will call the chief engineer on that point.

Mr. CHEVRIER: Let us find out from someone who knows, and not create a false atmosphere here.

Mr. FANSHER (Last Mountain): Might I ask if the promoters furnishing these maps to the Department considered that these maps were complete?

Discussion followed.

Mr. HANSON: Regarding the head of the Chaudiere; under present conditions how long is the high water head maintained at the present time?

Major BELL: I suggest you ask that of the Engineering Department.

Hon. Mr. DUNNING: We will call the Chief Engineer, when Major Bell has finished. If there is no one else who desires to ask questions on that point, I would like you to give the committee some information regarding the existing leases on the Ottawa River, so far as those leases were granted by the Department of Railways and Canals. What leases are existent, granted by this Department only?

MAJOR BELL: Really, only one lease is in existence. That is the lease of 1921 at Carillon, and if that were to lapse on the 1st of May, then the old lease for 250 horse-power would be the only one remaining.

Hon. Mr. DUNNING: The 250 horse-power would be the only one remaining, providing the lease which expires on the first of May is allowed to lapse on that date?

MAJOR BELL: Yes, sir.

Hon. Mr. DUNNING: Regarding the 1921 lease, give the committee the information as to the date when that was executed.

MAJOR BELL: December 1st, 1921.

Hon. Mr. DUNNING: What were the terms of it, briefly? Summarize the terms.

Mr. HANSON: What is the name of the lessee?

Hon. Mr. DUNNING: Mr. Hanson asks for the name of the lessee.

MAJOR BELL: The National Hydro Electric Company Limited.

Mr. McLEAN (Melfort): Major Bell, was that the first time that that lease was granted?

MAJOR BELL: In 1921, yes. 1911 was the original lease on that dam, but it was only for 250 horse-power.

Mr. McLEAN (Melfort): But this was the first one?

MAJOR BELL: That was the first one.

Mr. BROWN (Lisgar): Who were the lessees for the 250 horse-power?

MAJOR BELL: The same company.

Hon. Mr. DUNNING: Major Bell, in order that the committee may be clear on one point; the present works at Carillon were built by the Department of Railways and Canals, were they not?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: The head of water used under the 250 horse-power lease is the head of water developed from works created by the Department?

MAJOR BELL: Yes and are there at the present time.

Hon. Mr. DUNNING: And they are still there at the present time?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: That is in conformity is it not, with the general practice of the Department in the provinces of Ontario and Quebec?

MAJOR BELL: All over, sir.

Hon. Mr. DUNNING: That is to say, the Department builds the works for canal purposes, creates thereby a head of water which it leases for power purposes?

MAJOR BELL: In every case.

Hon. Mr. DUNNING: That is true all through Ontario and Quebec?

MAJOR BELL: That is true on the Welland, the St. Lawrence, the Trent Valley, and all our canals.

Hon. Mr. DUNNING: Have representations been made at any time by either the province of Ontario or the province of Quebec that it is improper for the Dominion to dispose of power created by the erection of Dominion canal works?

MAJOR BELL: No, sir. On the Trent canal, they practically recognized the principle that we have the right, by leasing the power from us.

Hon. Mr. DUNNING: Power created by our own works?

MAJOR BELL: Power created by our own works, which would not have been available had we not built the canal.

Hon. Mr. DUNNING: I think it is important that the committee get information as to what the departmental practice has been.

Mr. ARTHURS: What is the total horse-power so sold—that is, leased to the Hydro or any other party?

Hon. Mr. DUNNING: You mean on the canals, Colonel Arthurs?

Mr. ARTHURS: Yes.

Hon. Mr. DUNNING: I may say that a return was tabled this session covering every lease. I do not know whether we have it here; possibly the Major may have, but if not, there is a return tabled, giving all the particulars.

MAJOR BELL: It is very hard to pick out the total horse-power, for in a great many cases the lease reads, "all surplus power," and a lump sum is named

in other cases; so much per horse-power. We are gradually trying to get them on a basis where we charge so much per horse-power, but some of the old leases are still for the surplus water-power and a lump sum. So I cannot give you the total horse-power.

Subject to correction, the price on the Welland Canal is \$6 per horse-power; on the Trent Canal it is \$4; and on the St. Lawrence, \$6. There are a great many leases, some perpetual and some that have very long terms, and they have not been corrected. That is the charge we make, with the exception of municipalities, who gets about a third off.

MR. W. SIFTON: Do any of these Carillon leases, to your knowledge, provide for regulation by the Railway Commission, or any other authority under the control of the Parliament of Canada, of the prices at which these lessees who get this power are permitted to sell it to the public?

MAJOR BELL: No; as I remember, in the 1921 lease, it is not provided.

MR. W. SIFTON: Does the 1911 lease, the underlying lease, provide that?

MAJOR BELL: No.

MR. W. SIFTON: Can you tell me if any of these leases contain a clause such as is contained in the Georgian Bay Canal charter, under which the Government can re-enter into possession without the payment of any damages whatsoever?

MAJOR BELL: No, except at the end of the lease.

MR. W. SIFTON: Except at the end of the lease; but during the currency of the period there is no provision for re-entering?

MAJOR BELL: No.

MR. W. SIFTON: Is it the case that under the existing form of lease used by your Department, a company that comes along to you and leases the right to develop power by the payment of tolls, these lessees secure this power and any unearned increment in the value of that power; it is entirely in the hands of the lessee that pays the tolls?

MAJOR BELL: Naturally.

MR. W. SIFTON: He pays the tolls at a certain amount, and if it goes up in price he makes money?

MAJOR BELL: Yes.

HON. MR. DUNNING: I was referring to the principle which appears to be established since Confederation, according to your evidence, that when the Dominion, by canal works, create a head of water, whatever revenue accrues from that head of water is properly payable to the Dominion?

MAJOR BELL: That is quite correct; it has not been challenged.

HON. MR. DUNNING: No province has ever challenged that?

MAJOR BELL: The Hydro did for a time.

HON. MR. DUNNING: What Hydro?

MAJOR BELL: The Ontario Hydro.

HON. MR. DUNNING: The Ontario Hydro did for a time?

MAJOR BELL: As I remember it, they did not make any very formal protest, but they held back while they were looking into it, and they finally paid it.

HON. MR. DUNNING: They finally paid the rental?

MAJOR BELL: Yes.

HON. MR. DUNNING: To the Department of Railways and Canals?

MAJOR BELL: To the Department of Railways and Canals.

Hon. Mr. DUNNING: But in every other case, where such lease exists, the works have been constructed by the Dominion?

MAJOR BELL: Yes, or purchased; in some cases we have taken over works.

Hon. Mr. DUNNING: Taken over the existing works?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: With reference to this 1921 lease; my understanding is that the 1921 lease departed from that principle, in that it permitted the lessees to erect works for the creation of a head of water?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: That 1921 lease, then, was the only case up to that date where the Department of Railways and Canals had entered into that kind of a lease?

MAJOR BELL: I do not know of another case.

Hon. Mr. DUNNING: No other case; in all other cases the Department itself created the works which produced the head of power?

MAJOR BELL: Correct, sir.

Hon. Mr. DUNNING: But in the 1921 lease—I asked you for the terms of it, when someone interrupted—there is a very important point of principle involved there.

MAJOR BELL: By this lease was demised; (a) The lands and rights demised by the first lease, that is, the lease of 1911. (b) Other lands, of approximately 1,900 acres, to be expropriated by the Crown. (c) The right to construct, et cetera, a new dam and use all the surplus water to elevation 120 at the new dam.

Mr. HANSON: What is the exact date of the 1911 lease?

MAJOR BELL: March 31, 1911.

Hon. Mr. DUNNING: That is not the lease under discussion, Major, it is the 1921 lease?

MAJOR BELL: It is the 1921 lease. The 1921 lease governs unless it is not renewed; in that case the 1911 lease is still in effect.

Hon. Mr. DUNNING: The point I am trying to get clear before the Committee is that the original 1911 lease—I want you to tell me if this is wrong—that the 1911 lease leased water created by works erected by the Dominion?

MAJOR BELL: That is correct, sir.

Hon. Mr. DUNNING: The 1921 lease enlarged and widened the scope of the 1911 lease, by allowing the lessees to build works of their own?

MAJOR BELL: That is correct, sir.

Hon. Mr. DUNNING: And that was, up to that time, the first occasion on which the Department of Railways and Canals had entered into a lease permitting the lessees to erect works, as distinct from using water created by the Department's works?

MAJOR BELL: That is the first time.

Mr. GEARY: The Department's works were all canals, were they?

Hon. Mr. DUNNING: Yes.

Mr. GEARY: Nothing but canals?

Hon. Mr. DUNNING: I am speaking of canalization.

Mr. PETTIT: What is the date of the lease?

MAJOR BELL: First December, 1921.

Mr. GEARY: Your point is that this Carillon lease was not a canal lease?

[Major Bell.]

Hon. Mr. DUNNING: No. I am trying to bring out the history of this development, both as between the Dominion and the provinces, and also as to departmental practice normally and the practice which was followed in this case. That is what I am trying to get before the Committee. There are two very important principles involved: One is, that the provinces have never contested the right of the Dominion to the revenue from water produced by the Dominion in canal works; and that is a very important point, I think. The second is, that this 1921 lease for the first time went beyond that principle, and permitted for the first time lessees from the Department of Railways and Canals to erect their own works and produce their own head of water.

Mr. GEARY: Without reference to a canal at all?

Hon. Mr. DUNNING: It has no reference to a canal, Major?.

MAJOR BELL: Oh, yes. In building that dam they were bound to destroy our existing canal works, so they were to rebuild those canal works; that is, there was a lock that had to be built.

Mr. W. SIFTON: What size, may I ask?

MAJOR BELL: Nine foot.

Mr. W. SIFTON: They were to rebuild a nine foot canal in consideration of a dam across the river, constructed by the Government?

MAJOR BELL: No, they paid for the horse-power.

Mr. W. SIFTON: Plus the toll?

MAJOR BELL: Yes.

Mr. W. SIFTON: It was only a nine foot canal?

MAJOR BELL: At that time we did not think it worth while.

Hon. Mr. DUNNING: The 1921 lease permitted the lessee for the first time, so far as the Department of Railways and Canals were concerned, to erect their own works, and create thereby a head of water?

MAJOR BELL: That is right.

Hon. Mr. DUNNING: Previous to that time, the Department had always erected the works and merely disposed of the surplus water?

MAJOR BELL: That is correct.

Hon. Mr. DUNNING: And no province had ever objected, although you make the qualification that the Ontario Hydro looked into the matter, but finally decided to pay for the surplus water produced?

MAJOR BELL: I had better qualify that, Mr. Dunning; there always has been some objection. I do not know that we have felt that in our Department, but probably the Department of Justice has, as to just who has the control in certain rivers, whether it is the province or the Dominion. It is rather a fine question, but they have never directly, in my day, protested to our Department.

Mr. JELLIFF: May I ask the Minister, whether, owing to this change, and the construction of new works, the Dominion has the proprietary right in the new works?

Hon. Mr. DUNNING: Well, we have hardly reached that point yet. The Dominion's contention is that if the Dominion erects works for canalization, and thereby develops a head of water, the Dominion is entitled to the revenue from the head of water so created; that is the Dominion's contention. The Dominion, in creating a canal, is creating a service which is rendered free to the people; the power being the only source of revenue.

Mr. GEARY: The 1921 lease was a lease, according to your statement, of certain rights to develop a head of water?

Hon. Mr. DUNNING: Yes.

Mr. GEARY: The 1921 lease provided for the construction of a canal, and in the same document provided that the power developed through the construction of the canal should be demised?

MAJOR BELL: Possibly I had better explain.

Mr. GEARY: It is just a matter of the Department, at that point, making a lease of the power at the same time as it undertakes the construction of the canal?

MAJOR BELL: At the Carillon at the present time there is a lock which has a capacity of carrying a vessel with a nine foot draught. There is also a dam there which develops about 250 horse-power. We leased in 1911 that 250 horse-power to the National Hydro Company. In 1921 they came to us and they said, "We would like to develop that water-power at Carillon. We consider, by building a dam using the river here and all the way up to Ottawa for poundage, that we could develop a very attractive water-power. In doing that we will drown out your canal, and we want to sit down and bargain. We will rebuild that canal for you. We will pay you so much per horse-power or pay you a total amount." We sat down, and the result of the discussion was the 1921 lease.

Mr. BROWN: When you speak of drowning out that canal, that means that they simply agreed to make the changes necessary brought about by the larger canal?

MAJOR BELL: Yes.

Mr. BROWN: It did not create a canal of greater draught?

MAJOR BELL: No. In the past, when any water-powers were leased, we built the canal first. The purpose would be to canalize a river, and we would possibly have to put in a dam. By that dam there would be a water-power created, and we sold that water-power. In this case the dam was built for the purpose of developing water-power only, and they had to replace our lock.

Mr. BROWN: But my point is: was there a canal of any greater capacity created by this change?

MAJOR BELL: No. We did not think it was necessary at the time. If we did we should have had to change the lock below.

Mr. GEARY: Your construction of the transaction is that in 1921 the water-power by itself, so to speak, was leased?

MAJOR BELL: Yes.

Mr. GEARY: And that before 1921, the water-power developed by the canal and incident to the development or building of the canal, was leased?

MAJOR BELL: Yes.

Mr. GEARY: And this constitutes a change in your practice?

MAJOR BELL: That was the point the Minister wanted.

Mr. W. SIFTON: In regard to the statement which you have just made, I have in my hand here a copy of the Minute of the meeting of the Privy Council, approved by His Excellency the Governor General on the 26th August, 1926, and in that it refers to a lease of the 1st December, 1921, in the preamble of the Minute of the Privy Council, which states: "Which lease provided for the furnishing by the Company at no cost to the Government of greatly improved canal facilities in the Ottawa River."

MAJOR BELL: That is quite right.

Mr. W. SIFTON: What was the improvement, if it was simply replacing what they had drowned out?

[Major Bell.]

Major BELL: The dimensions of the old and new lock were two hundred by forty-five by nine feet.

Mr. W. SIFTON: Major Bell, you have an old lock down there which is pretty nearly played out and you get it completely replaced by a modern up to date lock.

Hon. Mr. DUNNING: I wonder if I could carry the Major on through these leases, Mr. Chairman.

Major BELL: And it cut off three locks at Grenville.

Mr. GEARY: There is no addition of water for canalization.

Major BELL: No, it cut off three locks.

Mr. HANSON: It would not allow any vessels of any larger draught.

Major BELL: No, there was no need to make a greater depth unless you were going further down and canalizing further below and carrying it up here.

An Hon. MEMBER: If we could only allow Mr. Bell to make the statement without asking too many questions.

The CHAIRMAN: Mr. Dunning is going to ask the Deputy Minister in regard to the practice of the Department. Afterwards, if anyone wishes to ask questions on that matter an opportunity will be given.

Mr. GEARY: It is useful to clean it up as we go along.

Hon. Mr. DUNNING: Up to now, I do not think it has cleaned it up; there is such a variety of questions. The question I was after was the old point of the difference in policy inaugurated in 1921. The policy was inaugurated of allowing lessees to erect works, of re-erecting our works, and securing the benefit of the head of water, and that was the difference between the 1921 lease and any lease which preceded it.

Major BELL: That is correct, sir.

Hon. Mr. DUNNING: The 1921 lease, if developed, would develop how much horse-power?

Major BELL: Our estimate is that an elevation of 133 feet,—this is 120,—440,000 horse-power could be developed, on the 133 level.

Hon. Mr. DUNNING: Under that lease the lessees were compelled to submit their plans for approval?

Major BELL: Yes.

Hon. Mr. DUNNING: Did they so submit them?

Major BELL: Yes, sir.

Hon. Mr. DUNNING: What was the attitude of the Department towards the plans submitted—were they ever approved?

Major BELL: That is the duty of the Chief Engineer and he will tell you about them.

Hon. Mr. DUNNING: That lease expired when—2006, was it not?

Mr. GEARY: Did you speak of the second lease, sir?

Hon. Mr. DUNNING: I did not.

Major BELL: 2006, sir.

Hon. Mr. DUNNING: When was the work to commence, under the terms of the lease?

Major BELL: Within a year from the signing of it.

Hon. Mr. DUNNING: Was anything done?

Major BELL: No, sir.

Hon. Mr. DUNNING: Was anything done up to 1926?

[Major Bell.]

Major BELL: No, sir, not that we know of.

Hon. Mr. DUNNING: Now we come to the 1926 lease.

An Hon. MEMBER: There were renewals, of course, in the meantime.

Hon. Mr. DUNNING: How many renewals—how many times?

Major BELL: The first supplemental grant dated September 17th, 1923; by supplemental agreement dated September 18th, 1925; by supplemental agreement dated November 4th, 1925; by supplemental agreement dated November 29th, 1926.

Hon. Mr. DUNNING: These were all just straight extensions of time, were they not, Major?

Major BELL: No, sir.

Hon. Mr. DUNNING: What one was not a straight extension of time?

Major BELL: I do not believe that is marked here—the one in August, 1926.

Hon. Mr. DUNNING: The one of August, 1926, was the only one which varied from the terms of the original 1921 lease.

Major BELL: Yes, sir.

Hon. Mr. DUNNING: Now, just tell us, will you, Major, the point on which the 1926 lease changed the lease of 1921? What are the differences?

Major BELL: The supplemental agreement, dated August 31st, 1926, and based on Order in Council of August 26th, 1926, purported to provide: (1) that rentals under the 1921 lease would commence to accrue on January 1st, 1932, instead of January 1st, 1928, as provided in the lease; (2) for a net reduction of rentals of \$600,000 for that period between January 1st, 1928, and January 1st, 1964; (3) that the lessee upon entering into any lease or agreement in connection with power development and works under lease 24114, with either the Province of Ontario or Quebec or both obligating the Company to pay rentals or other yearly payments, to be credited on account of the yearly lease number 24114 to the amount not exceeding one-third respecting each Province; (4) the time for commencement of works being extended to December 1st, 1927, and time for completion and installation of 25,000 horse-power developed being extended to December 1st, 1930.

Hon. Mr. DUNNING: Those are the only differences?

Major BELL: Those are the essential differences, yes.

Hon. Mr. DUNNING: From the point of view of Departmental revenue, am I correct in saying that \$600,000 less would have been received in straight rentals as compared with the 1921 lease?

Major BELL: Yes, sir, plus interest.

Hon. Mr. DUNNING: And am I correct in saying that in addition to the \$600,000 provision is made for reimbursing the lessees whatever they might have to pay to the Provincial Governments?

Major BELL: Yes.

Hon. Mr. DUNNING: Up to the extent of the total one-third remaining to the Dominion?

Major BELL: Yes.

Hon. Mr. DUNNING: What happened to that lease?

Sir GEORGE PERLEY: May I suggest that the Minister is making the statements, instead of asking questions. If the Minister is going to ask questions of the witness, I submit he should simply ask the questions and not make the statement first and then ask if that is correct.

The CHAIRMAN: You submit that this is a leading question?

[Major Bell.]

Sir GEORGE PERLEY: Yes.

Hon. Mr. DUNNING: May I say that leading questions have been addressed all through this enquiry. May I say to Sir George that I am really interested in getting the facts on record. The Deputy Minister has read to the Committee a statement of the differences between the 1921 lease and the 1926 lease, and my statements were for the purpose of getting those essential points made clear. I am not a lawyer and I do not understand the rules of this game.

An hon. MEMBER: We are not lawyers either, and we want the facts.

Sir GEORGE PERLEY: The Committee wants the facts.

Hon. Mr. DUNNING: I am not a lawyer, but if there is any error in fact in any statement made or question asked of the Deputy Minister or in any reply made by him, we want to have it corrected.

An hon. MEMBER: Mr. Chairman, may I say that the witness is not under oath here, but we want the facts. The rules of evidence do not apply.

Hon. Mr. DUNNING: Major Bell, was this the first occasion in any lease, where the Provinces were mentioned? Have you any recollection of any other lease in which the Provinces were mentioned?

Major BELL: So far as I know, sir, this is the first time.

Hon. Mr. DUNNING: Have you any evidence at all in the Department of the Provinces being interested in the terms of this lease?

Major BELL: No, sir.

Hon. Mr. DUNNING: Nothing on record?

Major BELL: No, sir.

Hon. Mr. DUNNING: Were the Provinces parties to it in any way?

Major BELL: Not as far as I know, sir.

Hon. Mr. DUNNING: There is nothing in the Department which would lead to any conclusion of that sort—no documentary evidence?

Major BELL: Well, I would not say that there was no evidence. Papers which have been sent to the Department since would indicate that there had been a conference.

Hon. Mr. DUNNING: Between whom?

Major BELL: Well, I imagine that at least one of the Provinces was in it.

Hon. Mr. DUNNING: But, so far as the Department is concerned, there is nothing on record either preceding the lease or since.

Major BELL: No sir, there is nothing on record.

Hon. Mr. DUNNING: Is there any record of a conference, in the files of the Department?

Major BELL: No, sir. The Secretary has the file and can produce it.

Mr. HANSON: Whether there is a record of it or not, do you know if there was a conference?

Major BELL: No, sir, I know nothing about a conference.

Hon. Mr. DUNNING: What happened, Major, to this 1926 lease?

Major BELL: It was cancelled by Order in Council.

Hon. Mr. DUNNING: On what date?

Major BELL: November 29th, 1926.

Hon. Mr. DUNNING: Will you please tell me, Major, if the 1926 lease is in conformity with the Order in Council authorizing its execution?

Major BELL: I was advised by the legal department that it was not, and that the lease went beyond the Order in Council.

[Major Bell.]

Hon. Mr. DUNNING: That the lease went beyond the authority granted to the Minister by Order in Council?

Major BELL: Yes.

Mr. HANSON: Surely that is a question of law.

Hon. Mr. DUNNING: It is a fact.

Mr. GEARY: You have that written opinion?

Hon. Mr. DUNNING: Yes, the written opinion can be put in, Major Bell?

Major BELL: Yes sir.

Hon. Mr. DUNNING: Major, after this lease was cancelled, what was the next record on the file?

Major BELL: We entered into a new supplemental agreement, approved by Order in Council, for the extension to May 1st, 1927.

Hon. Mr. DUNNING: Of which lease?

Major BELL: Of 1921.

Hon. Mr. DUNNING: Under exactly the original terms of the 1921 lease?

Major BELL: Yes exactly the original terms.

Hon. Mr. DUNNING: And entirely without the provisions of the 1926 lease?

Major BELL: Yes, sir.

Hon. Mr. DUNNING: None of the provisions of the 1926 lease which were additional were included?

Major BELL: Yes, that was a supplemental agreement of August 1926.

Hon. Mr. DUNNING: Did the National Hydro-Electric apply for the extension?

Major BELL: The last one, of May 1st, yes sir.

Hon. Mr. DUNNING: Did they apply for it to May 1st, or what was their application? Have you got it there?

Major BELL: No, I think it was verbal, December 1st, 1927.

Hon. Mr. DUNNING: Is there nothing on record?

Major BELL: There may be.

Hon. Mr. DUNNING: The Secretary for the Department can give the information?

Major BELL: Yes.

Hon. Mr. DUNNING: So that the position to-day is that the only lease now existing on the stretch between Ottawa and Montreal is the original 250 horsepower Departmental lease plus the 1921 lease extended to May 1st, 1927.

Major BELL: That is correct, sir.

Hon. Mr. DUNNING: Those are all the questions I have to ask.

Mr. HANSON: Are both those leases in possession of the same Company?

Major BELL: Yes, sir.

Mr. HANSON: Is the 1921 lease the first lease in which the Department undertook to lease a water-power on Interprovincial waters irrespective of the question of canalization?

Major BELL: I am not quite sure whether we have one lease on the St. Lawrence which is interprovincial. I am not positive of that. Probably you could ask the Chief Engineer, who would know that, or the Hydraulic Engineer, whether we have one on the St. Lawrence.

Mr. STEWART (Leeds): Mr. Chairman, I would like to ask Major Bell what was the ultimate object of reducing the rentals in 1926.

(Major Bell.)

Major BELL: I could not answer that, because I was not even in town when it was done.

Mr. STEWART: Was not the effect to enable the Company to furnish power to these two Provinces at a lower cost than under the original lease?

Hon. Mr. DUNNING: Was there any evidence, Major, or record of an agreement on the part of this Company to furnish power to consumers at any price whatsoever?

Major BELL: I never heard of it, sir.

Mr. GEARY: Do you know, Mr. Bell, if the Provinces were claiming the right to the power developed or who should get the price of the power developed?

Major BELL: I was not in the conference at all. I was not even in the city.

Mr. GEARY: Would not that be a fair inference to draw?

Major BELL: You had better ask somebody who knows. I was not there at all. I can give you the story of it if you like.

Hon. Mr. CANNON: You had better ask Sir Henry Drayton, he can tell you all about it.

Major BELL: I understand that there was no official of the Department there; at least they claim that. The only official who had any knowledge of it was the official who signed the lease and attached the seal at the request of the Acting Minister.

Mr. HEAPS: Early, you made reference to the price charged for water-power. You gave figures of \$6, \$4, and so on. Can you tell us how the Department arrived at these figures?

Major BELL: It studies what the power is worth. They have to develop it afterwards. We do not install the machinery but just have the water.

Mr. HEAPS: What is the relation of the cost of the construction of the power to the cost of the construction of the Canal?

Major BELL: The Canal comes first, and the water-power is only incidental in nearly every case.

Mr. WINFIELD SIFTON: The practice was not to get as much as you could for the power, was it not?

Major BELL: Yes. It was not up to a few years ago. Now we have got it on that basis.

Mr. WINFIELD SIFTON: You get the best you can, on the market value of the power?

Major BELL: Yes.

Mr. HEAPS: You get all you can for the power?

Major BELL: Probably I went a little far in saying that. We investigate and put what we consider a fair value on it, just the same as in leasing land, we put a fair value on the land, and then the rental is based on six per cent on that value.

Mr. HEAPS: What proportion would the revenue you are receiving for water-power development bear to the actual cost of the Canal?

Major BELL: I cannot say that. The water-power is incidental. You build your canal, and it happens incidentally that you have some water-power, in a great many cases.

Mr. WINFIELD SIFTON: May I ask as to the 1921 lease, the extension of which runs out on the 1st of May. If it is not extended, then is it correct that the 1911 lease, the original small lease for 250 horse-power covers the

[Major Bell.]

position at Carillon, and the National Hydro will be then left in possession of the power site as lessees in position until 1974, in the event that our charter is not extended and the 1921 lease is not extended.

Major BELL: The terms of the 1911 lease will govern, but in the 1911 lease is a clause which permits us to take over that on paying the actual cost of the work, and by giving six months' notice.

Mr. WINFIELD SIFTON: I ask that question because I understood you to say that there was not any such clause.

Major BELL: Yes, there is one.

Mr. WINFIELD SIFTON: Could we have a copy of that?

Major BELL: Yes, there is a copy going into the record. I thought you were referring to the 1921 lease.

Mr. WINFIELD SIFTON: Have representations been made to your Department by the National Hydro to that effect, that if the charter of the Montreal and Georgian Bay Canal Company fails of renewal, and the 1921 lease fails of renewal, they are still in possession.

Major BELL: Oh, yes.

Mr. WINFIELD SIFTON: You have to expropriate them or get rid of them before you can deal with it?

Major BELL: Yes.

Mr. WINFIELD SIFTON: Have you made that in writing?

Major BELL: Not that I know of. I do not remember it.

Mr. WINFIELD SIFTON: It is their solicitors or someone on their behalf who has made that representation verbally

Major BELL: Yes, they may have, but I do not remember it.

Mr. WINFIELD SIFTON: The practice of the Government has been to grant extensions, as I understand it, where the Company for financial and engineering reasons has been unable to build; is that the case?

Major BELL: Yes.

Mr. WINFIELD SIFTON: That was given as one of the main reasons for the extension in August, 1926, and that has been the practice.

Major BELL: Yes. There was something more in that case, there were other reasons.

Mr. GEARY: Major Bell, will you answer so that we can hear, please?

Mr. WINFIELD SIFTON: To come back to this question of improved canalization; do I understand you to imply that a mere replacement of the existing work which would be destroyed by the power development, without any additional depth or capacity for vessels or any deepening of the reaches whatsoever above or below that power site, is what you call in the lease of 1926 greatly improved canalization?

Major BELL: Yes.

Mr. WINFIELD SIFTON: That is what it is. Now is it correct that the August, 1926, lease was granted after the National Hydro-Electric Company was definitely in default and its rights had run out?

Major BELL: No, I do not think so.

Mr. WINFIELD SIFTON: I think that statement has been made.

Major BELL: No, the 1st of December, I think it was.

Hon. Mr. DUNNING: Are you referring to 1926?

Major BELL: You are wrong in that, Mr. Sifton.

Mr. WINFIELD SIFTON: They had not run out?

[Major Bell.]

Major BELL: No, they could have run until December 1st, 1926.

Mr. GLEN: Do I understand the position to be this that if the lease is not renewed, you will go back to the 1911 lease as the only existing charter affecting this Canal?

Major BELL: That is the position.

Mr. GLEN: And that the only expropriation that will take place is of that 250 horse-power?

Major BELL: That is all. There really is not an expropriation. We simply give six months' notice, and take it over, and pay the actual value of what exists.

Mr. GEARY: The value being what it costs?

Major BELL: Yes.

Mr. BROWN: What was the date of the 1911 lease?

Hon. Mr. DUNNING: The chief engineer will know that.

Major BELL: It is a long term lease.

Hon. Mr. DUNNING: While the Major is looking that up I think I would like to say, in reply to Mr. Hanson, with regard to Sir Henry Drayton, that nothing I have said this morning is intended in any way as a personal reflection upon Sir Henry Drayton. I am discussing the policy only and have no intention whatever of impugning Sir Henry's honesty or motives in any way. The policy was a governmental policy on the part of one Government.

Mr. HANSON: We can have that whole matter of the policy brought out at another time.

Major BELL: In 1974 that lease will run out.

The CHAIRMAN: Any further questions that members of the Committee wish to ask Major Bell?

Major BELL: I would like to say this: I have been giving some answers without the papers before me. I think this refers to a question Mr. Sifton asked. It is the 1911 lease. I read the following:—

That in case the lessee and any applicant for the purchase of electricity are unable to agree on the quantity to be sold by the lessee to the applicant, or as to the price to be paid therefor, the lessee shall sell and supply to such applicant such quantity of electricity and at such prices as may be determined by the Board of Railway Commissioners of Canada.

Mr. WINFIELD SIFTON: Is that in the 1911?

Major BELL: Not that I know of.

Mr. WINFIELD SIFTON: It is in the lease for the 250 horse-power, but not in the lease for the 250,000.

Major BELL: That is so.

Mr. HANSON: Are not all these contracts and leases subject to the laws of the provinces as to the public utilities of those provinces, irrespective of what may be in the contract? In other words, the public policy of the province is to over-ride contracts to that extent.

Major BELL: I suggest that you ask the Department of Justice that question.

Hon. Mr. DUNNING: I am through with Major Bell, unless the Committee desire any further information.

Mr. RYERSON: Can you give an estimate of the period that the canal will be able to operate.

Major BELL: Yes, we operate now, from the middle of April or the 1st of May, to the middle of December, for canal purposes.

[Major Bell.]

Mr. RYERSON: That is about six months.

Major BELL: About seven months.

Mr. RYERSON: As a result of the short period of operation, in fixing the tolls to be charged upon the tonnage, would not this extra overhead for the idle months have to be taken into consideration?

Major BELL: It is on all canals, if you are going to operate them for the purpose of gain.

Mr. RYERSON: If we have the canal in operation for possibly five months, and you estimate what will be the overhead in connection with it for that period and for the whole of the year—

MAJOR BELL: I have not made a study of the operation of the Georgian Bay Canal for the whole length.

Mr. RYERSON: In the event of the canal being in operation, what effect will it have upon the earnings of the Canadian National Railways? Have you any idea of that?

Major BELL: I have not the faintest idea.

Mr. RYERSON: It would affect the earnings of the Canadian National Railways?

Major BELL: If the canal carries traffic that otherwise would go to the Canadian National Railways, it certainly would affect them.

Hon. MEMBER: Hear hear!

Mr. GLEN: Were any representations made to your department, at the time of the application for renewal of the lease in August, by the Province of Ontario and Quebec?

Major BELL: Not that I know of.

Mr. GLEN: Have any representations been made by either of the provinces to your Department prior to the renewal of the charter or the expiry of the the charter?

Hon. Mr. DUNNING: Which charter?

Mr. GLEN: The Canal charter.

Major BELL: Not by the provinces.

Hon. Mr. DUNNING: I think it is made to Parliament, not to the provinces.

Mr. GLEN: Have any propositions been made with regard to the Canal to your Department?

Major BELL: Not that I know of.

Mr. McLEAN (Melfort): I understood that this was the only lease of the kind, on the Ottawa River, granted by the Department to develop power by itself. Does that include the Chaudiere reach?

Major BELL: No. I was speaking of the part that is affected now.

Mr. McLEAN (Melfort): From here down?

Major BELL: Yes.

Mr. McLEAN (Melfort): You have given leases of the Chaudiere?

Major BELL: No, not under the control of our Department; those are old leases.

Mr. McLEAN (Melfort): How are those leases given?

Major BELL: I imagine they were given originally through the Inland Revenue Department.

Hon. Mr. DUNNING: You had better call an official of the Department as to that.

[Major Bell.]

Mr. McLEAN (Melfort): At the present time, anything above the Rideau Canal on the Ottawa is under the jurisdiction of the Department of Public Works?

Major BELL: Yes, above.

Mr. McLEAN (Melfort): I am only interested in what is above.

Major BELL: That is under the control of the Department of Public Works.

Mr. McLEAN (Melfort): If that is not in use from here up; would it be fair to ask if there is any provision whereby the Government could take this over for canalization, or for any other purpose?

Major BELL: I imagine they could. The Government could expropriate anything.

Mr. McLEAN (Melfort): But you have not got the leases?

Major BELL: No. Originally they were very old leases, and I imagine it was through the Inland Revenue Department originally. Some are freehold, that have been sold directly.

Mr. McLEAN (Melfort): Do you say that some are freehold leases?

Major BELL: Rights that have been sold directly.

Mr. McLEAN (Melfort): That were sold by the Department of Inland Revenue, before the Department of Railways took over that part of the administration.

Major BELL: I have no knowledge. It is not in our Department.

Hon. Mr. DUNNING: The Department of Public Works would have that information.

Mr. McLEAN (Melfort): We would have to get that information from the Department of Public Works or the Department of Inland Revenue.

Major BELL: Yes.

Mr. GEARY: May I ask to what extent would the works at Carillon affect the question under consideration? I mean, what would be the practical effect?

Major BELL: If this Bill which is now before the Committee passed the House, and became law, and they were to start the construction of the Canal, they would have to expropriate the Carillon if that lease remained in effect.

Hon. Mr. DUNNING: What would they do as to the lease of May 1, 1921?

Major BELL: Expropriate.

Hon. Mr. DUNNING: If it was extended, they would have to expropriate?

Major BELL: Yes.

Mr. GEARY: It is not in effect?

Hon. Mr. DUNNING: It is in effect, until the 1st of May.

Mr. WINFIELD SIFTON: I have had to devote some attention to that particular point, and I suggest that it is worth considering that both the 1911 lease for 250 horse-power, and the 1921 lease were taken subsequent to a Statute of Canada with regard to the Montreal and Georgian Bay Canal Company, which gives them certain rights. The presumption is that they were taken subject to these statutory rights in the possession of the Montreal, Ottawa and Georgian Bay, and it is an open question whether they are entitled to any compensation against us or not. That has not been decided, and is a matter for the Exchequer Court.

Mr. GEARY: I am only asking how it affects this Committee on the question of this present Bill.

The CHAIRMAN: Any further questions of Mr. Bell?

Mr. McLEAN (Melfort): The rental on this new lease in 1926 is fixed at a certain figure to a certain date, and then raised to another figure at another

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date? After the second and third renewal or change in the rental value, it has to be set by the Exchequer Court?

Major BELL: Yes; I had better give you those rates.

Mr. McLEAN (Melfort): I am more interested at the present time in getting information as to whether this \$600,000 loss is based on the rental down to the last date, 1985.

Major BELL: Yes.

Mr. McLEAN (Melfort): So that \$600,000 loss is based between 1932 and 1985?

Major BELL: 1964, I think it is.

Mr. McLEAN (Melfort): So that loss of \$600,000 is the loss in rentals spread over a period of thirty-two years, not over the full eighty years?

Major BELL: No.

Mr. W. SIFTON: In your capacity as Deputy Minister of the Department of Railways and Canals, were you supplied with a list of the directors and shareholders and any information as to who, in fact, controlled the National Hydro Electric Company?

Major BELL: No.

Mr. W. SIFTON: Is there any information of that kind on the files of the Department of Railways and Canals?

Major BELL: Not that I know of; it may be there, but I have never seen it.

Mr. W. SIFTON: Inasmuch as this has been called and defined as the "bone of contention," I would ask that the same information be put on the files as regards them as was asked for regarding our company—if you have that information.

Major BELL: I have not got it.

Colonel ARTHUR E. DUBUC called.

Hon. Mr. DUNNING: I have no questions to ask the Colonel, but I called him because some members of the committee have asked questions which were referred to the Chief Engineer by the Deputy Minister.

The CHAIRMAN: If any member wishes to ask questions, the Chief Engineer is now here.

Mr. HANSON: I would like to ask the Chief Engineer as to the proposed installation at Hawkesbury on the Chaudiere Falls.

Mr. LAPIERRE: I ask for information about the whole project.

The CHAIRMAN: We will take up Mr. Hanson's question first.

The WITNESS: Answering the question of Mr. Hanson, the low water level of the Ottawa right here opposite Ottawa, below the locks, is at elevation 127; if the Georgian Bay Canal Company is going to keep that level to elevation 140, it means clearly that they will encroach on the tail-race of the Chaudiere Falls at least ten feet. There is a little fall between the lock and the falls—I should say about three feet maximum—so there will be a difference between 130 and 140.

By Mr. Hanson:

Q. Do you know if the Chaudiere is owned in fee simple by the present proprietors, or is it held under rental from any governmental authority?—A. I understand it is under rental from the Public Works; not by us, anyhow.

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Hon. Mr. DUNNING: I think, Mr. Hanson, in the interest of accuracy, it would be better to summon the Department concerned. This can only be hearsay evidence.

The WITNESS: It is not Railways and Canals.

By Mr. Hanson:

Q. Are you not under the Public Works Department?—A. No; Railways and Canals.

Mr. HANSON: I beg your pardon.

By Mr. Sifton:

Q. Colonel Dubuc, for what period in the year would this encroachment take place? How many days out of the 365?—A. I believe it would be all year—even at flood level.

Q. Is there any balancing advantage given to the Chaudiere plant by reason of the fact that we give them an additional flow, owing to putting our dam above the Chaudiere—at the little Chaudiere—location, and making them a present of additional pondage?—A. Quite right; if you give them more water or more falls, you are benefiting them.

Q. There is a balancing advantage on the other side. We take a bit from their tail-race and add some to their pondage?—A. Undoubtedly.

By Hon. Mr. Dunning:

Q. Colonel Dubuc, in giving an extension of a lease by the Department, what part does your branch of the Department play? Tell the committee what the practice is in connection with the granting of leases.—A. Well, the lease usually follows a request which is referred to the Technical Branch of the Department for whatever objection they may find as to the granting of the request. The Technical Branch reports to the Minister—

By Mr. Lapierre:

Q. May I ask you one question? Has there been any request for power privileges at Desarat?—A. Not to our Department.

By Mr. W. Sifton:

Q. Has any request come to your notice?—A. Not to our knowledge. The Deputy has stated that above Ottawa our Department is not concerned.

Hon. Mr. Dunning:

Q. Finish your answer to my question, Colonel, as to what happens when a request comes in.—A. The Technical Branch considers that request, and refers it to the Deputy Minister, who studies it to see how far the request can be granted. It is then referred to the Minister, who decides what policy will be adopted, and it goes to Council, and Council authorizes a lease to be issued under certain conditions, and then the lease is issued, and includes whatever provisions it should have.

Q. The lease is issued in accordance with the terms of an Order in Council?—A. Undoubtedly; I understand it is illegal otherwise.

Q. With regard to the lease of August, 1926; did your Branch of the Department make any report on it—the supplementary agreement of 1926? Were you consulted?—A. I was not, sir.

Q. You knew nothing about it?—A. The only thing that happened was that in July, 1926, I was called to the office of the Acting Minister and asked if there were any technical objections to an extension in the time of the lease—

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Q. Of which lease?—A. Of the 1921 lease to the National Hydro, which terminated on the first of December, 1926. I told the Minister that as long as the lease was not prolonged for too long a period, I saw no technical objection to it being extended. That was the only question asked of me.

Q. You did not see the August 1926 supplemental agreement then, until after it was executed?—A. No.

Q. When did it first come to your notice as Chief Engineer?—A. Late in September—the end of September.

Q. In addition to the technical work which you do for the Department, what do you have to do with respect to determining rental rates, the rates to be charged by the Department?—A. Of course, it is one of the answers which follows a request on any lease—the valuation of the water-power, if it is a water-power lease, or a dam, or something of that type, and the valuation of whatever concession is given, is asked of the Technical Branch.

Q. You were not asked about the valuation of the concession contained in the August 1926 supplemental agreement?—A. Not at all.

Q. You were not asked if the reduction in rental was justified?—A. I was not, sir.

Hon. Mr. DUNNING: That is all.

The CHAIRMAN: Are there any further questions?

By Mr. Pettit:

Q. What would be the period of navigation of the Georgian Bay Canal?—A. Undoubtedly from late April or the first of May until the 1st December. I would judge—seven months.

Q. A full month shorter than by way of the Welland Canal?—A. No; the Welland generally opens about the middle of April, and carries on to about the middle of December.

By Mr. W. Sifton:

Q. That is the Welland. What is the difference in the lower St. Lawrence? In other words, what is the difference in the period of time during which the two complete routes are open?—A. In time of what?

Q. The number of days during the year.—A. One month; that is the maximum, although there have been cases where the Welland closed around Christmas, but that is unusual. It is usually about the tenth or twelfth of December—that is about the average—and opens about the middle of April.

Mr. ARTHURS: Major Bell gave us some information regarding contracts entered into for the sale of power to the Hydro Commission of Ontario, and other parties. I would like to ask whether, as a result of any of these contracts made with the Hydro Commission of Ontario, or otherwise, it has been necessary to make other contracts or go to other expenditures by the Department of Railways and Canals in order to carry out their contracts, or to increase the amount of power, outside of canalization altogether.

Colonel DUBUC: Outside of canalization, I would say, no. We have a sample of that with the Trent. The whole Trent River was practically provincial. That means that the province had certain obligations as to the maintenance of storage dams for logging purposes, and different things like that. In 1907 all the rights of the province in the Trent were transferred to the Federal Government, with all obligations, of course, of the province. Ever since, we have had full and absolute control of the whole Trent River from the Georgian Bay to Lake Ontario at Trenton. The river is canalized three quarters of the way from Lake Ontario, and we have established dams and built locks. Major Bell, a few minutes ago, spoke of the different rentals being charged for the

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water-power, two and four dollars. What happened was this: that in certain spots on the Trent we had no rights at all as to water-power; they were privately owned, and they were even developed. If we annulled a dam that was built by a private owner, we built our own dam for our own regulations and transferred the water-power to the original owner free of charge. Where the water-power was not ours, and we were building a dam in order to develop that horse-power—I mean in developing horse-power privately owned—we charged the owner of that water power an amount which represented the interest on the cost of the dam, which was two dollars, the average cost of a dam being about \$100,000 odd. Where there was no privately owned water-power and we were building a dam, we charged, to whoever wanted to purchase the available water-power of that dam, both the interest on the cost of the dam, \$2, plus \$2 for the cost of the power, which was created through the canalization.

MR. ARTHURS: In accordance with the contract which was entered into, under this system you have had to make certain changes in your works on the Trent River to fulfill the contracts, or to increase the amount of power.

Colonel DUBUC: No. To fulfill the contract was simply contingent to the canalization of the Trent.

Hon. Mr. DUNNING: Where does the \$6 rate come in? You spoke of a \$2 rate and a \$4 rate.

Colonel DUBUC: We are trying to get the market value where the power is. On the Lachine Canal, for instance, where the power is much more valuable than in the distant countries of the Trent—right in Montreal—the rate is \$6. On the Welland Canal, where there are large industries, and more thickly populated, we can get more for our power; the normal charge is \$6.

Hon. Mr. CANNON: You stated that the Federal Government had taken over the rights of the province on the Trent River. How was that done?

Colonel DUBUC: Well, I am getting out of my depth now. Under the British North America Act a portion of the Trent, from Rice Lake down to Trenton, is specifically given to the Federal Government. There were negotiations in 1907 by which the province transferred to us whatever rights they had above Rice Lake on the Trent, with all the obligations that they had as to the maintenance of storage dams.

Hon. Mr. CANNON: You have exclusive jurisdiction over that?

Colonel DUBUC: Absolutely. They did challenge for a time the question of the rentals, and they hesitated for years to agree to a lease which would give them the right to power development, but the department insisted on its grounds, and I know of no case now where the Hydro is utilizing water-power on the Trent and not paying the department the rental charged.

Mr. Young (Weyburn): Did I understand you to say a minute ago that the period of navigation on the Ottawa River would be a month shorter than the period of navigation on the St. Lawrence above Montreal?

Colonel DUBUC: I said that if the Georgian Bay Canal was built I believed navigation would be possible from the first of May. Undoubtedly it would have to be closed in the northern portions, anyway, by the first of December at least, and possibly a bit sooner, according to the season at that time. The St. Lawrence canals, the Welland and the through St. Lawrence canals, the Lachine, and all those, open about the middle of April. Sometimes they open a bit later and sometimes a bit sooner, but usually never before the eighth of April, and as late as the last week in April. Last year was one of the latest years, and the Welland Canal opened only around the first of May, on account of the blockage of ice in Lake Erie. The average year for the St. Lawrence canals is from the middle of April to the middle of December,

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eight months. I believe that the Georgian Bay Canal would be open from the first of May to the first of December, seven months.

Mr. LAPIERRE: Are there any engineering difficulties in lifting the boats from the level of Lake Nipissing to the summit of the Georgian Bay?

Colonel DUBUC: You do not lift them at all under the scheme of the Georgian Bay Canal.

Mr. LAPIERRE: It was stated, during the discussion in the House of Commons, that it was almost impossible to raise ships from the level of Nipissing to the summit.

Colonel DUBUC: There is no summit in the Georgian Bay Canal scheme. That raises another question. The Department has been asked to approve certain plans submitted by the Georgian Bay Canal Company. The Deputy has said that that company, as he thought, were not very serious in the type of plans they sent. In 1925 they sent a plan showing the section between the Carillon and Hawkesbury. I made this memorandum to the Minister on January 20th, 1925; the plan had been submitted to the Public Works Department in December.

Mr. LAPIERRE: I am not very much interested in that.

Some Hon. MEMBERS: We want to hear it.

Colonel DUBUC: It will have reference to your question, if you will allow me. I made a memorandum to the Minister in January, 1925, about three weeks after the plans were submitted to our Department. I understand that they had been submitted to the Public Works Department a couple of weeks before, in December, 1924. This is a long memorandum, to the Minister. I will not repeat the first portion of it, which only refers to the sections of the Statute which would affect the approval or not of these plans. But I come to my conclusions, and I say:

Under Clause 18 of the Statute of 1894, (Chap. 103)—
and I repeat the Clause:—

The Company, on the 2nd instant, submitted to you, for the approval of His Excellency the Governor General in Council, a location plan and profile of a proposed canal between Hawkesbury and Point Fortune. This plan is a very general one, practically a duplicate of the Department of Public Works, Georgian Bay Ship Canal scheme of 1908, at a scale of 2,000 feet to the inch, showing the centre line of proposed canal with locks of 650 feet by 65 feet by 24 feet at Pt. Fortune and Hawkesbury, and dams, power-houses, and regulating sluices at both Carillon and near Grenville.

And then I give eight reasons why the plans should not be approved:

1. As such, the plan is so totally inadequate as to preclude any serious consideration.

2. As the Act does not state what navigable draft the canal or canals should provide for, it becomes entirely a question of Government policy as to whether this should be 9 feet as now between Lake St. Louis below St. Anne's lock and Ottawa, or 14 feet as the present main St. Lawrence canals, or 22 feet as originally recommended by the Department of Public Works for the Georgian Bay Ship Canal, or 30 feet as ultimately projected for the new Welland Ship Canal. A decision as to this navigable channel will govern the dimensions of the locks and the width and slopes of the canal prism.

3. The Company should be asked how it proposes to maintain the 140 feet level above Hawkesbury locks and dam, particularly at flood levels of the Ottawa River.

4. It should give complete construction detailed plans of all the structures proposed between Mile 370 and Mile 365 at Hawkesbury, and also between Miles 380 and 377 in the vicinity of Carillon and Point Fortune.

5. The Company should say how the navigation in the present Carillon and Grenville Canals is to be maintained during construction.

Because this Section of the plan was just adjoining our Carillon and Grenville Canals.

6. It should also state what it proposes by way of a development of the water-power existing in this portion of the river, this being of particular interest to this Department by reason of its ownership of a considerable portion of the north bank of the river and its consequent proprietorship in the power rights. It is quite possible to so develop this power that the future development of what would be left might become highly impracticable.

7. Equally, the Company's intentions as to storage and draw-down operations in the different pools, as this could easily have a detrimental effect on the navigable channels between Ottawa and Montreal.

8. Finally, attention is called to the annexed memo of the 8th instant of Departmental Counsel as to some legal aspects of the case particularly in reference to departmental lease No. 24414 to the National Hydro-Electric Company, Ltd., and as to the effect, on the Crown, should only a portion of the work be completed at the time the whole works should be.

Further plans were submitted by the Company; and on January 15th, 1926, I sent another memo to the Minister, which says:

Under date of December 12th last, this Company submitted, pursuant to the provisions of 57-58 Victoria, Chapter 103, Section 18, a location plan and profile of the sections of the canal which it is authorized to construct under said Act at Paquette Rapids, Des Joachims Rapids, Rocher Capitaine Rapids, Deux Rivières Rapids, and Mattawa Sections on the Ottawa River, and also for an alternative scheme to that already received with regard to the section of Hawkesbury to Point Fortune, in order that these may be submitted to His Excellency the Governor General in Council for approval.

These plans are of the same indefinite nature as those submitted during the early part of 1925, and on which my memorandum of January 20th last was based. None of the plans so far submitted are such that could be approved by the Governor General in Council as they contain no real information as to what the Company proposes to do with the various portions of the river.

The present question appears to be one of what is the proper policy for the Department to follow in this connection. Apart from a formal acknowledgment of receipt, the Company has had no communication from the Department, and has addressed to it no further enquiry with regard to its plans as submitted. Under such circumstances, all these applications have been allowed to stand to date as set out in my memorandum of August 17th last.

And finally I made a further long memorandum on May 19th, 1926, to the Deputy Minister, in which I recall again the different features of the Charter, the Departmental and Governmental interests, and I come to the conclusions:

Various plans submitted to date by the Company for approval fairly define the location of the through route from Montreal to the Georgian Bay. These plans are such as can be approved as route plans only, and further detail plans showing all the necessary particulars of such canals

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and other works authorized must, under 1894, Chapter 103, Section 18, be submitted and receive the approval of the Governor in Council before the Company may commence construction.

The Department of Justice has reported in a letter of January 17, 1925, (copy hereto attached) that it is not of the opinion that the Company is obliged to obtain approval of plans for the whole project before commencing work

This had come about because we did not know whether it was legal for us, that is whether we were obligated to approve a section of the plan before knowing what the whole scheme was. Then my memo proceeds:

but that if it appears to the Governor in Council that the Company is not proposing to proceed with the canal scheme such circumstance might be taken into consideration in deciding whether or not to approve of the plans submitted and that in any event it appears in the opinion of that Department that approval should be withheld unless the work proposed to be constructed will afford traffic and navigation facilities between points which can reasonably be regarded as terminal points of a canal.

It should therefore be observed:

1. That the Act in its present form is designed primarily to provide navigation facilities between two specified terminal points, Montreal and Georgian Bay;

2. That, having regard to the above mentioned opinion of the Department of Justice, Montreal, Ottawa, North Bay and Deep Water at the mouth of the French River might be named as points on the proposed route which could reasonably be regarded as terminal points of a canal;

3. That the Company has just filed (May 14, 1926) a through plan of the route of the canal such as is the practice under the Railway Act;

4. That before the Company can proceed with construction, it must submit further detail plans showing all the necessary particulars of such canals and other works and obtain the approval of same by the Governor in Council;

5. That apparently in the opinion of the Department of Justice such approval would permit the Company to proceed with the construction of dams necessary for canal purposes and with the development of power there at without further provision of navigation facilities;

6. That it also appears to be the opinion of the Department of Justice that if on 1st May 1933,

which is the date at which time the whole canal is supposed to be completed,—such dams and power developments are complete, then the powers granted the Company would continue with respect to these completed portions, but would be null and void as respects so much of the said canals and works as then remained uncompleted.

7. That if the company's detail plans were approved by the Government, the latter would have no means (other than expropriation) of preventing the company from neglecting the navigation requirements and proceeding with the construction of such works alone as are necessary for the development of the water-power indicated on such plans.

8. That the present value of power rights along the route is far in excess of what it was in 1894 when the Act was passed.

9. That the Department of Justice is also apparently of the opinion that the Governor in Council is not under any legal obligation to approve of any of the plans of the company.

Now, Mr. Sifton said that these were route plans. That would be another subject and would take a little time, Mr. Chairman.

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The CHAIRMAN: It is now after one o'clock.

Colonel DUBUC: My point would only be that why, even with the approval of only the indefinite plans which we have got, even if they were considered as route plans, it involved us in future detail plans which they might send and force us to approve.

Mr. W. SIFTON: May I ask, why was the plan not approved?

Col. DUBUC: Might I answer that by asking another question, how could you expect that they could be approved?

Mr. W. SIFTON: The practice which we were advised was the practice under the Railway Act, which ruled in regard to our company as provided by the charter. If we were incorrect or they had these objections, why were we not informed? We came here daily and weekly over a period of two years, and never had any information.

Colonel DUBUC: First, the company, in so far as our files show,—I do not know what they did with the Public Works,—deposited certain plans with the Department of Railways and Canals, but never followed those plans with a letter or anything asking why they were not approved. And about a year ago,—at the end of March, 1926,—Mr. Volekman, the chief engineer and secretary of the company, who is here now,—in the presence of Mr. Joss, one of my assistants, who is also here now, came to my office to find out what was the necessity for the project at Carillon; and I then advised Mr. Volekman, over a year ago, asking him why they sent us such a lot of plans and expected us to approve of them. I told him then why they were not approved, mentioning to him all the reasons which are given in my first memorandum which I have read to the Committee.

Mr. W. SIFTON: And immediately after we had that information we pressed for the conference to which I have referred.

Colonel DUBUC: I was not a party to the conference.

The CHAIRMAN: I would like to say to the Committee that some time ago the Committee agreed to hear Premier Brownlee, of Alberta. And if it pleases the Committee, we might this afternoon go into this matter.

Mr. GEARY: We want to get into the House.

Mr. HANSON: There are two or three gentlemen here representing Quebec and Ontario on this question and I think that in all fairness we ought to hear them to-day.

The CHAIRMAN: I have endeavoured to give the promoters a chance to present their case. We want to be equally fair to the other side; and that is the reason why I have suggested that the Committee meet again at 3.30 this afternoon.

The Committee adjourned to 3.30 p.m.

The Committee resumed at 3.30 p.m., Mr. Young (Saskatoon) presiding.

Colonel A. E. DUBUC recalled.

The WITNESS: Mr. Chairman, at one o'clock, when the committee adjourned, I was saying that I intended to give the reasons why the indefinite plans as submitted by the Georgian Bay Canal Company to the Department of Railways and Canals could not be approved. I assume that this map (indicating) was prepared by the company itself. As an instance of why even as a route map, it should not be approved, I assumed that the map showed us in a general way the plan where the navigable channel would reach certain

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levels which were shown, and if it were approved I assumed that it tied the Department up to agree to the levels corresponding to those shown on the map.

Mr. SPENCE (Maple Creek): You mean the profile at the bottom?

The WITNESS: Yes. No, as an instance why those should not be approved, for the Public Works report upon which this is largely based, the summit level of the canal showed an elevation of 6.677 feet above sea level just above Lake Nipissing. There was a question as to whether or not the Georgian Bay Canal could be navigable at all for any large traffic, on account of the difficulty of being able to feed the summit levels. As you are probably aware, this canal is not going to be fed from one end, and the water go down through the different locks to the lower level in order to lock the boats down, but must go through a divide, which means that the upper portion of the canal must be fed from somewhere near the location of the upper summit.

There has been a question as to whether the Georgian Bay Canal could find at its summit level enough water to feed any reasonably large number of lockages. The Public Works Department had a scheme by which what is marked "Turtle Lake" and "Trout Lake" would be at a higher level than Lake Nipissing, and would be fed from Amoble du Fond, a little stream which could be used to bring water to the summit level. There was some question of that water not being sufficient, and it has been suggested as one of the remedies that the water would be pumped from the level of Lake Nipissing twenty-nine feet higher to the upper summit, as needed for the lockages both ways. The Georgian Bay Company have eliminated that feature of it, and have shown the whole of Lake Nipissing raised ten feet from low water level, which is an extremely important point. The low level of Lake Nipissing is at an elevation of 6.38; the flood level of Lake Nipissing is at 6.44. The project of the Georgian Bay people is to raise Lake Nipissing ten feet above low water level, and four feet above flood level, which, while it might have been quite feasible, and the flood damages not so totally objectionable in 1908, is almost impossible to-day on account of the flood damages; so if these plans are approved, it means that the Department is committed to adopt 6.48 as being the properly required level for Lake Nipissing. Equally, you have the same thing down below; the upper reach is shown at elevation 140, which means that at Ottawa the low water would be raised from elevation 127 to 140, or 13 feet above low water level. We have in the project of the National Hydro an instance which raised the level at Carillon to elevation 133, and even that meant flooding damages representing 18,000 acres of land. With an elevation of 140, seven feet higher than that, it is hard to say how many thousands of acres of land would be affected by flooding damages, say, between Carillon and Ottawa. If we had approved this level, it meant that we were approving it as a basis for future detail plans.

Another very, very serious objection to the approval of the plans was this: the weakest point about the Georgian Bay scheme is the navigability at all of the French River. The reports of the Public Works Department do mention that the River for a large portion between Lake Nipissing and Georgian Bay flows through a granite country with very high bluffs on each side. The Georgian Bay Company, on the plans which they submitted, did not even show a channel. They had at the end submitted a very large scale plan, of seventeen miles to the inch, which meant that every inch on that little plan showed seventeen miles of channel. Of course, it did not show to any course or anything.

What happened is that between Lake Nipissing and Georgian Bay there are tremendous curves shown on the Public Works plan, which meant that a boat of six hundred feet long, like the present day normal Great Lake bulk freight boats, six hundred feet long and sixty odd feet wide, it was questionable whether

such a boat could navigate the French River; surely not at night. There are also, in the Public Works reports, even places where there is a reverse curve without a tangent between; meaning that a boat of six hundred feet long or more, proceeding very slowly on account of the perpetual curves in the French River, with the extremely bad visibility owing to the high banks on each side, would have to perform an absolute "S" without a tangent between the two curves, in order to right itself; meaning that either one of two things would happen, either the boat could not navigate or you would have to provide smaller boats in order to navigate them, or you would have to bring down the mountains of granite on each side.

Another solution, of course, would be that if there was only one boat going in one direction, a second channel might be found somewhere else at cost. But even if they had submitted to us the project of the Public Works, we could have raised the project of the Public Works, we could have raised those objections; but they did not even do that. They simply gave us the plans, which Major Bell showed us this morning, showing the location of the four locks which are between Lake Nipissing and Georgian Bay, with nothing between. So that we do not know what the boats are doing between those points. The Public Works Department knew what they were doing, in 1908, as they have very competent engineers. But what I say is that on the information supplied to us, we would not know what would be the effect of the levels which they wanted us to approve, because they gave us no contours so that we could know what would be the damage done or what would be the effect of those levels. And then they did not give us the crucial part of the whole Georgian Bay scheme, the channel between Lake Nipissing and Georgian Bay. And then you heard of the difficulties of entering at all into the French River from the Georgian Bay. Of course, if there are lots of submarine rocks, if you pay the price, you can clear them off. But those were things which were not submitted to us, and we would not know what would be the effect if we had approved a profile of that type.

MR. W. SIFTON: Had you any knowledge of any additional plans or additional information or any questions asked of the Company? Did the Company ever have it suggested to them that you would require additional information or plans before you would ask the Government to approve?

Colonel DUBUC: No. The first thing I would ask is if the Company would raise the level of Lake Nipissing ten feet, probably drowning thousands of acres of land, or raise the Ottawa to one hundred and forty, seven feet more, and drowning I do not know how many more thousand of acres of land—the first thing I would have done, if I expected the plans to be approved, would have been to say, "Here is what I am asking," and "Here is what is the result of it."

MR. W. SIFTON: In other words, we would have to guess what the Government's engineers would do, and meet that in advance.

MR. DUBUC: The company might just as well have given us a blanket map of Canada and have drawn a black line through it.

I assume we have had lots of other requests from other companies, and we do not have to go after them to get what we were expecting. The details we would explain to them. But where it was obvious that it did not possess the most reasonable information which you would expect to receive—

MR. W. SIFTON: Can you understand why one clause out of your objection was communicated to us, namely, that you wanted the depth over the sills and the size of the locks? That was communicated to us by the Deputy Minister of Public Works, and we met his objection. There was no other point ever raised; and one only of your objections was submitted to us; and we met it the same day.

MR. DUBUC: I am here only as Chief Engineer of Railways and Canals. If I had submitted plans in 1924 to any Department, and in 1925 I had received

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no answer, and in 1926 I had got no answer, and in 1927 I had got no answer, the least I could have done would have been to go and see what was the matter with my plans and why they were not approved.

Mr. W. SIFTON: I would like to say, Colonel Dubuc, that I asked about these plans on many occasions.

Colonel DUBUC: Of course, I am only speaking for myself as the Chief Engineer, as the one who was to approve or recommend the approval of those plans to the Minister.

Mr. PETTIT: What, if anything, did the Company urge between 1907 and 1924 towards the acceptance of their plans?

Colonel DUBUC: They sent in 1903 some plans which were even more definite than those sent in 1924 and 1925. They sent in some more in 1927, which were equally in a kind of a pamphlet form; the last of the plans, 2,000 miles to an inch, to the Railways and Canals, in 1925; and after that they sent different sections of the canal up to the Georgian Bay.

Mr. PETTIT: In between, what, if anything did they urge towards the acceptance of the plans?

Colonel DUBUC: On the Departmental file there is not a single letter asking why these plans were not approved.

Mr. CHEVRIER: In all these negotiations, conducted from 1907 to 1924, all through those years, between the Department and this Company as to the nine-foot canal—

Colonel DUBUC: Of course I am only speaking for the Department of Railways and Canals, and I say that there is nothing on our official files by which the Company has at any time followed up its request for approval of plans.

Mr. CHEVRIER: You do not deny that in other departments that was done?

Colonel DUBUC: I am only speaking for the Department of Railways and Canals.

Mr. GEARY: It may be that the Company was directing its attention to getting a guarantee of its bonds, rather than the approval of its plans.

Mr. CHEVRIER: Nothing of the kind.

Mr. McLEAN: Mr. Dubuc, you mentioned a little while ago that there would be 18,000 acres of land flooded at Carillon. What importance would that be to your Department, as long as the Company was to pay compensation for that? Why would you hold up plans? They would have to pay for it.

Colonel DUBUC: There are lots of things which the Department will now allow. We have to know what that was going to flood and how it would affect,—you are speaking of the 18,000 acres that would be affected from Carillon to Ottawa;—and we had to know how that would affect our two canals, the Carillon and the Rideau Canal; and we were quite concerned in knowing how navigation would be kept on those canals, and how, after they had provided their—

Mr. McLEAN: You do not suggest it would injure your canal by putting more water into it?

Colonel DUBUC: Undoubtedly, if you drown the canal there is no canal left.

Mr. McLEAN: Would not the need for a small canal, a nine foot canal, disappear if they provided a twenty-five foot canal?

Colonel DUBUC: You will understand that a canal has a certain bank provided for a certain level of water. If you fill it, the gates would be under water and it would be impossible to open the canal.

Mr. McLEAN: Provided there was enough water to float the ships over the gates, why should you care? And furthermore, the object of this charter is to enable a through canal to be built, so why worry about your nine foot

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canal if you are going to get in exchange a twenty-four foot canal or a thirty foot canal?

Colonel DUBUC: There are, for instance, at the present time, certain rights on the Ottawa River, and the whole scheme had to be arranged so that they would not be interfered with.

Mr. McLEAN: Are they the rights of the Dominion of Canada?

Colonel DUBUC: The rights of navigation, as protected by the Dominion.

Mr. McLEAN: Your argument was that by flooding eighteen thousand acres of land it might be dangerous.

Colonel DUBUC: Quite.

Mr. McLEAN: Provided that eighteen thousand acres of land was compensated for, as far as navigation was concerned, what effect would that have as long as the land was paid for that was drowned?

Colonel DUBUC: It would have a material effect upon the canal, which would not stand such an elevation possibly.

Mr. McLEAN: This Company is responsible for building a larger canal, so surely you are not worrying about the nine foot canal if you are getting a thirty foot canal in exchange.

Colonel DUBUC: I did not know what we would get in exchange.

Mr. McLEAN: Would it not be under the control of the Railway Commission?

Colonel DUBUC: No, it has nothing to do with the canal.

Mr. McLEAN: Do you have power to regulate the construction of the canal?

Colonel DUBUC: Absolutely.

Mr. McLEAN: Then that would remove your difficulty.

Colonel DUBUC: But I did not know what they were going to do. The plans did not show.

Mr. McLEAN: Did you know that you had power to regulate the construction?

Colonel DUBUC: Eventually, yes.

Mr. McLEAN: And did you know it at that time?

Colonel DUBUC: Yes, of course.

Mr. McLEAN: Then that removes your difficulty about the eighteen thousand acres of land.

Colonel DUBUC: Not at all. The Government may have material reasons, not only navigation but many other reasons, which would prevent regulating the water at elevation one hundred and forty, for the low ridge at Carillon. They equally may have very material reasons which would prevent raising Lake Nipissing by ten feet, four feet above flood level at present, in view of North Bay and all the towns around Lake Nipissing. Those are reasons outside of navigation alone.

Mr. McLEAN: But the reason which you did advance as to the flooding of eighteen thousand acres is another thing, and I want to know what other reasons you have. The upper level I am coming to later.

Hon. Mr. STEVENS: This level is 140.

WITNESS: That is seven feet higher than those of which we have information, 133.

Mr. McLEAN (Melfort): Quite so.

By Mr. McLean (Melfort):

Q. The flooding of the 18,000 acres would be at the 133-foot level. You did not know how much would be flooded at the higher level?—A. I did not. I know it would be very much more than 18,000.

Q. I quite appreciate that, but the reason given to us was that this would flood 18,000 acres of land. Then again as to Lake Nipissing, I can understand that if the company were to flood the shores of Lake Nipissing, the loss might be too great, but as to the flooding of waste or cheap land, or any land, if it were compensated, would not that remove that objection?—A. No, it would not. I can cite you dozens of reasons why that could not be accepted without control. One would be this: suppose you raised the level at Carillon to the 140-foot level, that cannot be done without providing at say, Grenville, quite an extensive dredging in order to increase the flowing section of the rapids at Grenville. Otherwise, it would mean that it would increase the flow of the Ottawa and I know that the Ottawa is a very turbulent stream. Increasing the flow at Carillon by ten or twenty thousand cubic feet at flood level with an elevation of 140, in the section between Ottawa and Carillon, and knowing the section at Grenville, the inundations above Grenville would be increased very vastly, and that is one of the reasons why, from an engineering standpoint, we could not accept the level at 140 unless we know how you are going to provide for the flow at Ottawa, in the artificial conditions that will be created.

Q. Is not the condition under your control at Grenville?—A. The conditions we might have to impose in order to keep that 140 feet might render the whole scheme not feasible. That is one of the things that we do not know.

By Mr. Chevrier:

Q. But you would not say it is not feasible?—A. No, I would not say that, any more than I would say that the six or eight level at Lake Nipissing is not feasible.

By Mr. McLean (Melfort):

Q. As far as the land itself is concerned, the 18,000 acres of land that might be flooded, you are not going to tell us that that is a very important thing?—A. There are other things. The Department of Public Works has a lot of docks along the Ottawa; all those would be flooded.

Q. Docks for nine-foot navigation?—A. Well, for whatever traffic offers.

By Mr. Winfield Sifton:

Q. One question, Colonel Dubuc? Here for over two years we were pestering the various departments for something in regard to our plans, or for some information in regard to what we should do in regard to the plans, and you have taken the position that it was not the part of the Government to tell us what was the matter with the plans. We had to keep on producing plans in the effort to find one that would satisfy you, without any indication of the information you wanted?—A. I did not say that.

Q. I gathered that that was your position?—A. No, I say, if I had submitted such plans, assuming that they could possibly have been approved which no engineer would say, then if I had, notwithstanding that, expected some engineer would approve of them, the least thing I would have done would have been to follow with a letter sending those plans for approval, and asking why those plans were not approved.

Q. I have already explained that I followed the letter submitting the plans, by a personal interview with the Minister?—A. I am speaking again from the standpoint of the Department of Railways and Canals.

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Q. You did not feel under any obligation to notify us as to what your objections were when you prepared this long memorandum of your various objections? You did not feel under any necessity to do that?—A. No.

Q. Then why, after we had entered a bill in Parliament and had advertised it, when it was absolutely certain that by no method except by discussion could it be affected, why should a letter be received by the company then for the first time stating an objection to these plans?—A. I do not know that you got a letter.

Q. I have a copy of it here, from the Secretary of the Department of Public Works?—A. Again, that is not the Department of Railways and Canals.

By Mr. Chevrier:

Q. At no time did your Department of Railways and Canals communicate your objections to this company in writing?—A. In writing, no.

Q. You never submitted to them a copy of the memorandum which you have disclosed to the Committee to-day?—A. In writing, no.

Q. Verbally?—A. I did, verbally, to your own Secretary:

Hon. Mr. DUNNING: I did not hear that answer.

The WITNESS: I did verbally to Mr. Volckman.

By Mr. Chevrier:

Q. I understood you to say that those plans—call them plans or profiles or anything you like—in your estimation they did not disclose the feasibility of the plans, is that right?—A. Quite true.

Q. Now because they showed that a 600-foot ship could not twist upon itself when in the granite district that you have described, you say the plan is not feasible?—A. No, not that. There was no channel shown on the plan, even in the Ottawa.

Q. Admitting that for the sake of argument, do you mean to say, Colonel Dubuc, that along the lines submitted by this company in the district where they want to build this canal, proper plans could not be furnished to show the feasibility of this canal?—A. That proper plans could not be submitted?

Q. Do you mean to say that nobody could furnish you with plans which could show the feasibility of this canal?—A. I did not say that.

Q. Of course, you would not deny that. In other words you will not affirm or deny that this canal cannot be constructed along the route on which this company intends to develop a canal?—A. No, I will not say that either.

Q. Then, that is all right?—A. But I will add to that, that they never showed me that they could.

By Mr. McLean (Melfort):

Q. Colonel Dubuc, I am a great deal more interested in getting information as to the physical value of this route for a possible canal than anything else, and that is the only object I have in view in asking this question. You have been along the French River, you say?—A. No, I have not.

Q. You have not been there?—A. No.

Q. You do not know of your own knowledge that it is not feasible to construct a canal through there?—A. I know of the report of the Department of Public Works of 1908, which had a very competent engineer, and which reported to the Government in 1908 and called attention to the difficulties of navigation in the French River. That is my basis.

Q. And on that basis you would say it is not feasible to construct a canal there?—A. No, I say that the company has not shown to us how they would get away from that difficulty; not from the plans that they showed us, but from whatever plans were available from the Government.

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Q. You are not telling us that the canal is not feasible?—A. Oh, no, not at all.

Mr. McLEAN (Melfort): Then that is all right; that is fine.

Hon. Mr. STEVENS: Sure, that is easy.

By Mr. Chevrier:

Q. But you never asked for plans showing the feasibility?—A. It was not up to me.

Mr. McLEAN (Melfort): One other question I would like to ask in order to make clear the statement made before noon. The statement was made that navigation on the Ottawa and St. Lawrence to Montreal would be a month shorter than the season of navigation by another route to the St. Lawrence River. Does that mean that the Ottawa freezes up earlier than the portion of the St. Lawrence, from the mouth of the Ottawa to Montreal?—A. I was telling you what were the average dates of the opening of the St. Lawrence canals, from Welland through Lake Ontario, through the St. Lawrence canals, and right through to Montreal. We generally open those canals a bit sooner at the upper end. At Welland, it has opened as early as the 8th of April, but usually around the middle of April, and we generally close at Welland around the 10th or 15th of December, except in an extraordinary year when I think we have closed around Christmas.

Q. We are not interested in the Welland?—A. I am speaking of the St. Lawrence canals. That is my basis for showing that the other one is shorter or longer. I must tell you first the length of the St. Lawrence canals as they are to-day. The length of time of navigation as they are to-day is from the middle of April to the middle of December, in a normal year.

Q. That is the St. Lawrence river?—A. The St. Lawrence River canals.

Q. I am not speaking of the canal at Welland, but the portion of the St. Lawrence river between the mouth of the Ottawa and the city of Montreal. What would you say of the navigation on the Ottawa river?—A. You are speaking of the St. Lawrence river from the mouth of the Ottawa to Montreal. The St. Lawrence canals do not go through the Ottawa between lake Ontario and Ottawa.

Q. But the Georgian Bay Canal does?—A. I am talking of the St. Lawrence.

Q. But my question is, as a chain is not stronger than its weakest link, a canal is not longer open than the lowest part is open to navigation?—A. Quite right.

Q. I do not pretend to know the whole geography of the canal, but I understand the canal joins the St. Lawrence some place above Montreal?—A. That is right.

Q. Is the portion of the St. Lawrence between the mouth of the Ottawa and the city of Montreal open for navigation for a month longer during the season than the balance of the Ottawa river would be? I think that is a fair question.—A. You are in exactly the same position as the Welland Canal, relative to Montreal. I told you that the Welland Canal, which is one section of the canal system, is open as early as the 8th of April and generally opens around the 15th of April; we never open in Montreal sooner, to my knowledge, than we did during the war, when there was pressure of getting boats through for the delivery of supplies. I think the soonest we opened at Montreal was the 15th of April, making a difference of one week between Welland and Montreal. That happens very often that Welland is opened about a week previous to the Montreal end. Well, by simple reasoning, if you have a much more northern canal, nearer the Pole, like the top part of the Georgian bay, with a

very shallow navigation relatively, even if it is only for the operation of your locks, you will undoubtedly have to close that canal sooner than one which is much farther south.

Q. True, but the point I am getting at is not the Welland Canal, but the St. Lawrence, from Ottawa through to Montreal. Now, I think you have made a statement that I wanted to get information on, that the St. Lawrence river at Montreal is not open for navigation until about the date you mention for the Ottawa river navigation. Would it close about the same time?—A. The southern end would close about the same time, because the lower end of the Georgian bay will undoubtedly close at the same time as the lower end of the St. Lawrence canals in Montreal.

Q. I am not speaking of the lower end of the Georgian Bay, but I am dealing entirely with the canal from Ottawa to Montreal?—A. That is the lower end of the Georgian Bay Canal; so that would close at the same time as the lower end of the St. Lawrence canals.

Q. Then, the date of the close of navigation would be the same?—A. At the lower end, yes. But my point is that the northern point of the Georgian Bay canal, its length of navigability will not be as long as the northern end of the St. Lawrence, which means that a boat can start from Welland on the 15th of April, when the lower end is not open at all, carry on through the Welland Canal and through Lake Ontario, and arrive in Montreal at the time the Canal is opened at Montreal, having the same effect on the boat as if the canal at Montreal had been open all the time.

By Mr. Chevrier:

Q. That would mean then, Colonel, that if you have the lower end, the outlet at Montreal, whether it serves the Ottawa river going north, or the St. Lawrence going south, that does not vary; that navigation starts on a certain date, is that right?—A. Yes.

Q. Now, then, there is an inlet from the north and there is an inlet from the south, but the argument you now make is this, that the northern end may be frozen up, but the boats would get to Montreal. Well then, it must take them a very long time to reach the south end at Montreal?—A. Do you mean from Welland?

Q. Yes?—A. Well, there is 375 miles to go.

Q. They won't get there any faster than the other way because that one is not open; they will get there and the outlet is not blocked, whether they come from Welland or from the North?—A. But you are comparing the best end of the Georgian Bay with the worst end of the St. Lawrence, and then you want to eliminate the other end of the Georgian Bay.

Q. It does not make a bit of difference to us what time of the year it is. Let me see if I have got this right. It does not make a bit of difference at what time they enter the Georgian Bay or the Welland, if they cannot get through to Montreal, until the Montreal end is open. There are two inlets, and only one outlet?—A. Yes, but there is a lot of navigation in the canal that does not go through.

Q. Oh, all right, I will leave it at that.

By Mr. Hocken:

Q. Have you any information as to when the Ottawa river and the French river are open?—A. I could not tell you that. The Department of Public Works could tell you that.

By Hon. Mr. Dunning:

Q. I want to ask a few questions relating to your practice, Colonel, as the head of your branch, bearing upon the matter of approving plans. You

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understood that what the law demanded in this case was that the plan was required to be approved by the Governor in Council?—A. Yes.

Hon. Mr. DUNNING: Bearing upon the matter of approving plans; you understood that the law demanded in this case that the plans were required to be approved by the Governor in Council? You understood, did you not, the procedure necessary to secure that approval?

Colonel DUBUC: Yes.

Hon. Mr. DUNNING: You understood what the duty of the Minister was, for instance?

Colonel DUBUC: Well, assuming that the Minister was the proper Minister. There was some question as to the Georgian Bay scheme being under the Minister of Railways and Canals, as to who would approve the plans, or the Minister of Public Works. It was not at our request, as far as I know, that the plans were sent to us.

Hon. Mr. DUNNING: The plans were originally filed with the Public Works.

Colonel DUBUC: They were, on December 24th; the main series.

Hon. Mr. DUNNING: And sent to us because of the interest of our department in the matter?

Colonel DUBUC: Right, sir.

Hon. Mr. DUNNING: And your duty in the matter was to advise your own Minister?

Colonel DUBUC: My Minister asked me at the time whether there was any reason why these plans should not be approved, and I wrote the three memoranda, and one to the Deputy, that I read this morning.

Hon. Mr. DUNNING: In giving your opinion on a matter like that, for the intelligence of your Minister, you take into account the features of public damage?

Colonel DUBUC: Quite.

Hon. Mr. DUNNING: Why do you do that?

Colonel DUBUC: You notice, in the memoranda this morning, that I discussed legal questions which were totally out of my depth. The point was to give whatever information I had to the Minister, leaving to the Minister the getting of special experts, either legal or otherwise.

Hon. Mr. DUNNING: In connection with these plans, you are quite sure that the representatives of the Georgian Bay Canal Company knew that the plans were not satisfactory to you?

Colonel DUBUC: He knew of it, undoubtedly, in March, 1926. The Chief Engineer of the Georgian Bay people came to my office to get some information as to the project of the National Hydro at Carillon. It was only casually that I asked him, "Why are you sending us plans of the type you are sending? Do you really seriously expect us to approve of them?" He naturally asked me why they were not approved. I called for the file in which my memo. of January 25th was, and I told him different reasons why.

Hon. Mr. DUNNING: You gave him the reasons that you stated to the Committee this morning?

Colonel DUBUC: Not all of them, because one of the memos. was after the interview, the one of May, 1926.

An Hon. MEMBER: When is the river in the neighbourhood of Mattawa free of ice?

Colonel DUBUC: I would refer you to the Public Works again, sir, because our Department was really concerned with the canalized portion which was

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between Ottawa and Montreal. It was only by accident, in view of possible future canalization, that we were given the plans for approval.

Hon. Mr. DUNNING: You had conferences with the engineers of the Public Works on the matter?

Colonel DUBUC: We had a number.

Mr. SPENCE (Maple Creek): Have you examined those plans of the Public Works yourself?

Colonel DUBUC: You mean the Public Works plans of 1908?

Mr. SPENCE (Maple Creek): Yes.

Colonel DUBUC: I have, sir.

Mr. YOUNG (Weyburn): Most of your objections to the route are from Mattawa west; nothing between Ottawa and Mattawa, or up into the Temiskaming country?

Colonel DUBUC: No. The question of regulation above Mattawa on the Ottawa was not a very complicated question. We knew that the Ottawa from Mattawa right through to Montreal had many times the amount of water you needed for navigation purposes. It was only from the height of land, particularly between Trout Lake, going towards Mattawa, where there is so trouble. As I said, this is not the main trouble, because the Public Works, I believe, have solved it. It is a difficulty which the Public Works have solved on the plans which they submitted in their report. My point was that the Georgian Bay Canal Company showed us nothing by which we would know the solution of their problem, which we knew existed. Equally for the navigability in the French River from Lake Nipissing to Georgian Bay.

Mr. BROWN: There are some locks that are not of sufficient altitude to provide water?

Colonel DUBUC: You must understand that the Georgian Bay people themselves are not using that; they are using the whole of lake Nipissing. Assuming that they could raise it to this level, which they have shown there, 648, which means ten feet above the flood level of Lake Nipissing; they are feeding the canal both ways through Lake Nipissing.

Mr. BROWN: Ten feet is sufficient to overcome the height of land?

Colonel DUBUC: It means a tremendous cut, but if they can stand the expense I suppose it is their own affair.

Mr. ANDERSON (High Park): The engineers in 1908 contemplated using the water in Lake Nipissing?

Colonel DUBUC: But I doubt very much if they would to-day. That was twenty years ago, and there has been so much improvement all around the lake there, that possibly to-day the damages would be so heavy that they would not. My impression is that 645 is as much as you could raise Lake Nipissing to-day without prohibitive damages.

Mr. ANDERSON (High Park): And was the Department unfavourable in 1908 to raising the water level?

Colonel DUBUC: They discussed it, but apparently it was of much less importance then than it would be to-day. My point is not that it is not feasible, but the point is that we did not know of the 648 amount from the plan they submitted to us.

C. R. COUTLEE called.

The CHAIRMAN: Mr. Coutlee, tell the Committee who you are.

Mr. COUTLEE: I am an engineer with the Public Works, and I was connected with the Public Works in the making of the report on the survey of the river published in 1908.

[Mr. C. R. Coutlee.]

The CHAIRMAN: You are one of the district engineers connected with this area?

Mr. COUTLEE: No, I am on headquarters staff.

MAJOR BELL: At the time of the survey Mr. Coutlee was one of the Board in connection with the Georgian bay survey..

Mr. CHEVRIER: Were you connected in any way with the making of that five-volume report?

Mr. COUTLEE: Yes, sir.

Mr. CHEVRIER: As a result of the survey that you made, what do you say as to the feasibility of the canal?

Mr. COUTLEE: It is certainly feasible.

Mr. CHEVRIER: Along the plans which were submitted and discussed during those years?

Mr. COUTLEE: Yes, sir. Perhaps I might say a word in connection with that, Mr. Chairman. The plans were then gone into and the project that was then made was for a twenty-two-foot depth. Now, that meant bringing down from the Great Lakes, from Fort William to Montreal, the large lake steamers; that is, those steamers that run 500, 580, 600 and 625 feet. Then there were the channels that these boats followed on the upper lakes, through the St. Mary's river, and through the channels of the St. Clair river and the Detroit river. The design is similar to what they operate on.

Mr. W. SIFTON: Might I ask if a twenty-four-foot channel would take the largest type of grain-carrying boat on the upper lakes now?

Mr. COUTLEE: Oh, yes; the largest type of boat there does not draw more than about 19.6.

Mr. W. SIFTON: Within the actual measurements which we agreed with the Department of Public Works, and which were endorsed on these location plans, were sufficient to carry the grain to Port Arthur and down through this canal; it would take the ships which ordinarily carry that grain.

Mr. COUTLEE: That is 650 feet.

Mr. W. SIFTON: 65 by 650 feet by 24?

Mr. COUTLEE: Yes.

Hon. Mr. DUNNING: I think, Mr. Chairman, that in view of the fact that we are now carrying boats through the ordinary St. Lawrence canal, it is important to have the correct information. I think probably that Major Bell had better tell of the capacity of the present locks, and the draughts of the present boats. He is more familiar with that than the witness.

Major BELL: I have not got the exact data. What is the depth of the Canadian lock at the Soo, 19.6?

Colonel DUBUC: At extreme low water I do not think it is more than 18.4.

Major BELL: What is the new American lock?

Colonel DUBUC: 24 feet.

Hon. Mr. DUNNING: We use the American lock for the big boats; is that the case, Major?

Major BELL: Yes. The Canadian lock was the largest lock until these American locks were built, and the largest boats passed through the Canadian locks. Now, we practically get none of the large boats except an odd passenger boat; they have got to go through the American locks.

Mr. W. SIFTON: 24 feet is the same as the large American locks?

Major BELL: Yes

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Hon. Mr. DUNNING: Were you one of the Public Works engineers who considered the plans? You heard Colonel Dubuc's evidence regarding the plans submitted by the Georgian Bay Canal Company—you were one of those engineers?

Mr. COUTLEE: Yes, sir.

Hon. Mr. DUNNING: What was the result?

Mr. COUTLEE: We found that the plans submitted by the company were copies of our plans that were made and published between 1906 and 1908. They were not entire copies; that is, a great deal of the material that was on the Public Works' plans was omitted on these plans.

Hon. Mr. DUNNING: Did you report to your Minister that they were sufficient to enable you to form a judgment? What was your report to your Minister?

Mr. COUTLEE: I reported to Mr. Cameron, the Chief Engineer of Public Works.

Hon. Mr. DUNNING: Is Mr. Cameron here?

Mr. COUTLEE: He is not here just now. I reported that they were copies of our plans and that they had left off a great deal of the information, and that if we had not had our plans we could not have interpreted theirs.

Hon. Mr. STEVENS: That is, that the plans submitted to you by the Georgian Bay Canal Company, without the knowledge that you had of the plans from which they were copies, were insufficient to give you information upon which you could have passed judgment on the plans?

Mr. COUTLEE: Yes, sir.

By Mr. Chevrier:

Q. Let me get that right. You were responsible for the making of the plans—the five volumes, were you not?—A. Yes.

Q. Those were the government plans?—A. Yes.

Q. As I understand your evidence, it is this; that the plans which were submitted—the fabric of those plans was identical with the plans which your Department had made, leaving out a certain number of features, but in the main corresponding to the plans which you had made?—A. Yes, sir.

Q. And in so far as the plans which the company produced were concerned, they were in their essence similar to the government plans, leaving out certain features?—A. Leaving out certain features, yes.

Q. Now, the department might be in a position to approve of so much of the plans as submitted by the company as were identical with the plans which the government had already prepared under your instructions, of course, with the reservation that they might have asked for further details.—A. I would have to qualify that answer. If we had not had our own plans, I do not consider they would have been sufficient.

By Hon. Mr. Dunning:

Q. Mr. Coutlee, your plans were for 22-foot navigation, were they not?—A. Yes, sir.

Q. And were not the plans submitted by the Georgian Bay Canal Company for 24-foot navigation?—A. Yes, sir.

Q. That would make a great difference in places?—A. It would make a difference, Mr. Dunning, and there was this difficulty, that the company submitted the sites of various locks—some 27 locks on the route. Now, they did not submit the channels between those locks on which there was a large amount of excavation, both rock and earth, wet and dry.

Q. They did not submit the excavations?—A. No, sir.

Q. Did you recommend the approval of those plans?—A. No, sir.

Q. Did anybody in the Public Works Department recommend their approval?—A. No, sir; we could put some of the plans in. They are in the Minister's room upstairs.

Discussion followed.

Witness retired.

Further discussion followed.

Mr. W. SIFTON: Mr. Chairman, I would like to remind the Committee that yesterday I intimated that the company suggested that an amendment be made which would entirely cure the objection which is urged, viz., that we could pick the eyes of this proposition and not go along with it. The amendment which I suggested is as follows:

Until through navigation is established from the navigable waters of the Georgian Bay to a point on the River St. Lawrence at or near the city of Montreal, all the revenues of the company derived from falls or heads for water-powers and otherwise shall be devoted exclusively, after payment of the charges on the company's debts and the maintenance and operation of the company's works, to the completion of the works hereby authorized.

The company submits that that entirely prevents the company from doing any such thing as has been objected to.

Hon. Mr. DUNNING: Just one moment, Mr. Chairman, before we come to a conclusion. The object of the Committee, of course, is to give the petitioners a fair hearing. I think the petitioners in this case will agree that they have had a fair hearing. I believe there are two learned gentlemen here, representing respectively the provinces of Ontario and Quebec, and I have had no intimation that they desire to be heard, or that there are any other parties desiring to be heard either for or against the petition. I think, before the Committee comes to a decision, we should make sure that all interested parties have been given an opportunity to present their views.

The CHAIRMAN: I think I indicated quite clearly that if there are any others, for or against, an opportunity would be given. I have heard no intimation that anybody should be heard.

Mr. HOCKEN: Come on, Mr. Tilley, you represent Ontario.

Mr. AIME GEOFFRION: The two provinces saw objections to this Bill. The question is whether we could add something to the discussion by developing our objections to it. If the Committee thinks we can add anything useful, we will be willing to take up your time. The provinces are protesting against this Bill, and asking your veto.

Mr. HANSON: Mr. Chairman, I think the provinces should be heard, and that the rights of the provinces in this river should be set out by counsel.

The CHAIRMAN: Shall the preamble carry?

Preamble negatived.

The Committee adjourned until to-morrow at 11 a.m.

